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The COMMERCIAL and FINANCIAL CHRONICLE

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Ford Predicts Higher Living Standards

Auto Magnate, on 82nd Birthday, However, Cautions That Employment Hinges on Right of Private Industry to Go Forward Unhampered.

DEARBORN, MICH. — Henry Ford, observing his 82nd birthday, Monday, July 30, predicted a "future of unequalled prosperity."

Henry Ford

Mr. Ford's statement was issued by him from his home in Dearborn where he observed his birthday quietly with Mrs. Ford.

"The nation and the world are on the threshold of a prosperity and standard of living that never before was considered possible," Mr. Ford said. "This nation now has its greatest chance to forge ahead.

"There are problems — human, economic and political—that must be solved.

"Employment hinges on the right of private industry to go forward unhampered. There must be more and more industry; more

(Continued on page 526)

Index of Regular Features on page 544.

"Full Employment" and Freedom in America

By DR. VIRGIL JORDAN*

President of the National Industrial Conference Board

Dr. Jordan Analyzes the Implications of "Full Employment" as Embodied in the Full Employment Bill and Social Security Philosophy and Concludes It Will Mean the Abandonment of Constitutional Restrictions on Government and Lead to Eventual Serfdom of the Individual. Holds That If Government Guarantees An Income It Must Control the Use of This Income, and in Addition Must Determine What Each Person Must Produce and How He Is to Be Employed.

By this time today in England, the British people will have added up the votes that will determine whether they prefer to take the road toward the Russian form of socialism under Mr. Atlee and his Labor party program of government ownership of industry, or continue under Winston Churchill to drift down the road toward the Nazi form of socialism which developed in England, as everywhere else, during the war, and is embodied in the post-war full-employment program of Sir William Beveridge, to which the Liberal Party and a large part of the Conservative Party are more or less fully committed.

Dr. Virgil Jordan

It will not make much difference for England in the end, for as I shall show, the terminus of either road is essentially the same;

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*An address by Dr. Jordan before the Rotary Club of New York, Hotel Commodore, New York City, July 26, 1945.

(Continued on page 536)

Reserve Bank Official Amplifies Further Dealer Margin Rules

Calls Attention to Published List of Stocks Registered on Exchanges. Unlisted Stocks Not Affected Unless Loan Is For Purpose of Purchasing or Carrying a Listed Stock.

Editor, Commercial and Financial Chronicle:

Your publication in the July 26, 1945, issue of "The Commercial and Financial Chronicle," of my letter to you of July 23, commenting upon Dr. Sakolski's article entitled "Margin for Error" and discussing Regulation U of the Board of Governors of the Federal Reserve System, should be helpful in clearing up misunderstandings or uncertainties in the minds of readers and the interested public regarding the applicability of Regulation U to loans by banks to dealers in securities.

In Dr. Sakolski's letter to you of July 24th, printed on page 410 of the July 26th issue of the "Chronicle," he refers to two problems in connection with loans by banks to dealers. In the interest of clearing up other possible misunderstandings or uncertainties regarding the regulation, the following comments may be helpful:

First, Dr. Sakolski refers to the practical difficulty of ascertaining whether or not a particular stock is registered (listed) on a national securities exchange, and he calls attention to the fact that some stocks may be listed only on a regional securities exchange and that even though a stock may be listed on an exchange transactions on the exchange involving the stock may be infrequent. In order to facilitate compliance with the provisions of Regulation U, the Board of Governors has provided in Section 3(c) of the regulation that "in determining whether or not a security is a 'stock registered on a national securities exchange,' a bank may rely upon any reasonably current record of stocks so registered that is published or specified in a pub-

(Continued on page 525)

Dangers of War-Time Fiscal Policy

By M. H. HUNTER

Head, Department of Economics, University of Illinois

Contending That the War Is Financed Too Largely by Borrowing, Professor Hunter Refutes Treasury's Claim That the Borrowing Is Anti-Inflationary and Creates Prosperity. Says Evils of Excessive Borrowing Have Been Deliberately Ignored. Attacks Administration's Theory That a Debt of Any Magnitude Could Be Supported, if "We Owe It to Ourselves" and Asserts Policy of Low Interest Throttles Private Industries and Leads to Government Ownership.

Our Federal Government continues to be engaged in the most costly enterprise of all time. Such structures as General Motors and A. T. and T. have seemed giant business enterprises; but their capital structure and operating costs are mere pigmies in comparison with similar costs of the federal government in prosecuting World War II. True, wars are always costly; but our total cost of all wars in which we have engaged, beginning with the Revolution through World War I, was less than $53,000,000,000. Why, this is less than the federal deficit for the fiscal year 1943!

Dr. M. H. Hunter

The peak of the annual war costs has probably been passed. The costs of conversion from peace to war industry have large-

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Causes of the Bull Market

By IVAN WRIGHT

Professor of Economics, Brooklyn College

Dr. Wright Ascribes the Bull Market to (1) Increased National Income and Savings Due to the Heavy War Output; (2) Money and Credit Inflation; (3) the Fears of Inflation Leading to the Desire to Exchange Cheap Money for Future Claims to Productive Resources; and (4) the Policy of Low Interest Rates Which Stimulates the Purchase of Inferior Grade Securities Offering Higher Income Yields. Looks for a Continuous Shortage of Goods and a Large Demand for Capital in Post-War Period, and Says Reorganization of Solvent Utilities Is Fanning the Speculative Fever.

Dr. Ivan Wright

Since April, 1942, a Bull Market has been in progress in stocks, bonds, commodities and real estate. The economic forces feeding the revaluation process and pushing prices up have been obscured by the great destruction of wealth going on at the same time as the result of the necessary war activities. This war has cost several hundreds of billions of dollars. In the United States alone the public debt has been increased more than two hundred billion dollars since the war began. Most of this has been or will be destroyed wealth when the war is over. Many billions of dollars of value will be salvaged but it is probably safe to say that 75% or more of the wealth spent on war will be consumed in the war or lose a large part of its value with the end of the war. In addition to the increase of the national debt there must be added also the income from taxes which has been spent for war purposes. These money expenditures are only part of the costs of the war. The loss of the services of millions of able-bodied men during the war; the permanent loss of more than a million men who have been killed or crippled; the disorganization of civilian industry and countless other liabilities will have to be added. On the asset side we have learned a great deal about production which may be adopted to peacetime uses but the net result up to the present time would seem to be a destruction of wealth aggregating four or five hundred billions of dollars to the United States. (The human losses cannot be valued in money.) Simultaneously with this vast destruction

(Continued on page 523)

Cohu & Torrey Open Tampa Branch with O. W. Kuhn as Mgr.

Cohu & Torrey, members of New York Stock Exchange, announce the opening of a branch office in Tampa, Florida, in the Wallace S. Building, on Aug. 1st. This new office will be under the direction of O. W. Kuhn, who has been engaged in the investment business in Tampa for the last twenty years. Mr. Kuhn was formerly president of Kuhn, Morgan & Co., Inc., and prior thereto was manager of the bond department of the First National Bank of Tampa.

The Sterling Bloc Pool And Foreign Trade

By HON. EMANUEL CELLER*

Congressman from the New York 15th Congressional District

Asserting It Is Time to Consider the Cost of Lend-Lease and in Extending Aid to Allies to Look to Our Own Interests, Congressman Celler Attacks the British Sterling Area Dollar Pool as "Sticking a Cinder in the Eye of American Traders." Maintains That the Operation of the Pool Has Prevented Nations in the Sterling Area From Purchasing Needed American Goods and Cites the Cases of India and South Africa. Says the Continuation of the Sterling Area Dollar Pool Is Contrary to Principles Laid Down at Bretton Woods and Urges Protests by American Exporters.

One thing is certain, Uncle Sam is not big enough or wealthy enough to be permanent "almoner to the world."

Emanuel Celler

Since March 11, 1941, we have authorized $64,192,498,000 for Lend-Lease. Through June 1945, total expenditures on the Lend-Lease account were $42,633,684,000 (partially offset by 5 billions in reverse Lend-Lease) making a net Lend-Lease expenditure of over 37 billions. Roughly, this still leaves $21,500,000,000 in Lend-Lease funds available for the remaining year of operations.

Plans call for making ready in addition $1,300,000,000 to the United Nations Relief and Rehabilitation Administration. We are pledged to pay $2,750,000,000 into the Bretton Woods Internation Monetary Fund, i. e. 31% of the total to be contributed by 44 nations, which will be a capital of $8,800,000,000. We are pledged to contribute to the International Bank for Reconstruction and Development 34.8% of its capital of $9,100,000,000 or $3,175,000,000,000. Our stake in the Bretton Woods monetary set-up will thus be almost 6 billion dollars.

Recently Congress increased the lending power of the Export-Import Bank from $700,000,000 to $3,500,000,000. Armed with Congressional authority, the President will be in a position, through the Export-Import Bank to offer reconstruction loans to Russia, France, Belgium, Holland and England, as post-yar assurance that the U. S. is prepared to launch a program of world cooperation. This aid will give the President a strong leverage in influencing political settlements. It also means that as Lend-Lease aid

(Continued on page 538)

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*An address by Congressman Celler before the International Trade Section of the New York Board of Trade, New York City, July 27, 1945.

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Post Mortem

NASD By-Law Amendments for Registration of Salesmen, Traders, Partners, Officers, Etc., Will Become Effective in the Absence of SEC Disapproval. Belief Prevalent These Amendments Had SEC Blessing in Advance. Meshed Activities of SEC and NASD Should Be Disclosed and Publicized. Complete Secrecy of Future Voting Possible. Method Disclosed. Our American Way of Life Including Freedom of Trade Is Endangered.

Now that the amendments to the NASD by-laws providing for the registration of salesmen, traders, partners, officers, and other employees, have passed, it is fitting that we give attention to a number of problems inherent in the current situation.

First we deal with voting on proposed by-law amendments generally, and the cost of the new set-up.

One of our readers writes us, "If the Governors, who certainly speak for the Secretary, are truthful in asserting that no increase in fees is contemplated, they must either be ignorant of the fact that to keep track of 10,000 or more daily changing personnel is a very expensive job, or contemplate economies that should have been made years ago."

It cannot be honestly denied that the cost of implementing this set-up will be substantial. How does the NASD propose to defray the expense thereof? Are not the member firms entitled to know this **now**? Is it the intention of the Governors to impart this information forthwith?

What is to be expected in membership voting on future amendments? Will the NASD adopt the same tactics that they have used heretofore? Will the Governors either directly, or through the District Chairmen, or other officials, pressure the members to vote and indicate the course that the voting should take?

If past performances are to be followed, then there need be no hope that the Governors or those under their direction and control will adopt a hands-off policy in connection with voting on future proposed amendments to the by-laws. This being so, it is apparent that the Board does not intend to adopt the safeguards as we see them inherent in Article IX of the by-laws.

Into that Article, which is clear upon its face, and which provides for separate votes on proposed by-law amendments, one by the Board of Governors and the other by the membership of the association, the Governors have apparently read a construction or interpretation which permits them by direct contact to influence and control the vote of the membership.

This is an evil which requires immediate remedy.

Under Article IX, proposed additions, alterations, or amendments to the by-laws, may be initiated by any 25

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A Banker Appraises the South

By ROBERT M. HANES*
President of Reserve City Bankers Association,
President of the Wachovia Bank and Trust Co., Winston-Salem, N. C.

Prominent Banker Reviews the Economic Outlook in the South Both On the Credit and the Debit Sides. While Pointing Out Great Agricultural Progress of the South and Especially in the War Period, He Stresses the Need for More Diversification In Agriculture and Industry and Greater Technical Skill and Research. Holds Recent ICC Rate Decision Will Stimulate the South's Industrialization and Concludes That Despite the Greater Economic Attainments of Some Other Regions, the Rate of Progress in the South During Next Decade Will Equal or Surpass That of Any Other Region.

No region in the nation has had such a wide divergence of interpretation as has the South.

Copyrighted by Harris & Ewing
Robert M. Hanes

It has been called America's economic problem No. 1. In film and fiction it has been depicted as an area inhabited by barefoot, pellagra ridden share croppers, a land eroded by one crop farming, a section where low wages and sub-standard educational and living conditions prevail.

Too many people in other sections of the country get their chief impressions of the South from such books as "Tobacco Road," "Gone With the Wind" and "Strange Fruit."

Other interpreters of the South ignore its handicaps and picture it as a land of golden promise with a rich and easy harvest. They wax eloquent against a background of mint juleps, soft flowing streams and Stephen Foster sentiment. They, too, lack a sense of realism.

I shall attempt here to evaluate, in terms of business outlook,

(Continued on page 528)

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*An address by Mr. Hanes at a meeting of Business Executives in New York.

Meaning of British Election Results

By SIR STAFFORD CRIPPS*
President of the Board of Trade, Great Britain

Stating That the British Election Was Based Upon Policies Put Forward by the Rival Parties, Sir Stafford Cripps Outlines the Labor Party's Plans for Next Five Years. Will Seek Nationalization of a Few Important Industries While Retaining a System of Planned and Controlled Private Enterprise for the Rest and Will Maintain Controls to Avoid Inflation. Will Adhere to a Cooperative International Policy and a "Close and Understanding Friendship Between the Two Democracies."

Sir Stafford Cripps

I want to speak to you about the results of our general election which have surprised many people in other countries. It is not easy for you in America to appreciate the workings of our democracy any more than we found it always easy to understand the whys and wherefores of your elections. Though both our democracies stem from the same common source they have developed along different channels. Yours has come down through the outstanding Presidents you have elected, like Jefferson, Abraham Lincoln, and Franklin Roosevelt into the hands of your wise President of today. Ours, through successive Prime

(Continued on page 521)

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*A radio broadcast by Sir Stafford Cripps over the Columbia Broadcasting System, July 30, 1945.

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Harrison 2075
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New Group of Opinions Presented Regarding Competitive Bidding

We present in this issue some more of the letters received by the "Chronicle" in connection with its request for comments from dealers and other interested parties regarding the subject of competitive bidding. Other communications appeared in our columns of July 12, July 19 and July 26, starting on the fourth page in each issue. As previously stated, we welcome the views of those who have not as yet acted on our invitation and would ask that correspondence be addressed to Editor, Commercial and Financial Chronicle, 25 Park Place, New York 8, N. Y.

Where the writer requests that neither his own identity and/or that of the firm with which he is connected be revealed, such a desire for anonymity will be carefully observed.

* * * *

C. H. LITTLE

C. H. Little & Company, Jackson, Tenn.

I am not in favor of competitive bidding on railroad, public utility and industrial securities for the reason that the bankers for these institutions in most instances are more familiar with the set-up of the railroad or public utility than the parties coming into the market for competitive bids. In most instances these corporations have been doing business with these bankers for a great many years, and I think they have enjoyed sound economical financing for a great many years. It has been my observation that by competitive bidding for securities of public utilities and railroads they have never received a great deal for their securities than they did heretofore. There are, of course, a few exceptions to this rule.

* * * *

WALTER L. MORGAN

President, W. L. Morgan & Co., Philadelphia

I am opposed to competitive bidding of any character because, as a buyer of securities, competitive bidding means that I pay a higher price than would otherwise be the case. As a professional buyer of securities, and through my duties as president of Wellington Fund, I represent thousands of small investors. I never could understand why the SEC which is supposed to represent these many small investors, i.e., the public, would favor competitive bidding. By so doing the SEC is favoring the issuing companies and getting them higher prices rather than representing the public whom the SEC

(Continued on page 543)

BOSTON

NASHAWENA MILLS
Capitalization
75,000 Shares
Capital Stock
Net quick assets in excess of
$20 per share.
Earned—$4.03 per share
in 1944.
Currently—Paying $2.00
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Price—About $33.00.
INQUIRIES INVITED
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Shawmut Bank Building
BOSTON 9, MASS.
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• •
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Tel. LIBerty 2340
Portland Providence Springfield

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Giant Portland Cement
*Kingan & Co.
*Riverside Cement
*Central Iron & Steel
*Circular Available
LERNER & CO.
10 POST OFFICE SQUARE
BOSTON 9, MASS.
Tel. HUB 1990 Teletype BS 69

Trading Markets
Boston Edison
Boston & Maine R.R. Prior Pfd.
Boston Terminal Co.
3½s, 1947
New England Lime
Submarine Signal
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Dayton Haigney & Company
75 Federal Street, Boston 10
Private New York Telephone
REctor 2-5035

U. S. Sugar
Boston Sand & Gravel
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General Stock & Bond Corp.
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BOSTON 9
Telephone: Liberty 8817

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(Special to THE FINANCIAL CHRONICLE)

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Preferreds
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With Sills, Minton & Co.

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, ILL.—**Owen M. Mason** has become associated with **Sills, Minton & Company,** 209 South La Salle Street.

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WHitehall 4-3990 Teletype NY 1-2419

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WALTER KANE, *Asst. Mgr.*

Joseph McManus & Co.
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Chicago Stock Exchange
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The war cry of stock-shy storekeepers—"it's hard to get"—is nothing new to investment dealers. Some security or other has *always* been "hard to get"—unless you know where to look.

But the fact is, we frequently do know where to look for those hard-to-find securities. For one thing, we are in very close touch with the markets for all types of securities—and, it sometimes happens that we have the very security needed.

As a result, a good part of our business is devoted to cooperation with other dealers. We found that it's *mutually* profitable to help others get business. Next time you need *active* cooperation, why not 'phone or teletype us?

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Common & Preferred
Quotations Upon Request

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Members
New York Stock Exchange
New York Coffee & Sugar Exchange
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TEL. HANOVER 2-9612

Business Activity Maintained At a High Level

Downward Trend in Industrial Production Is Very Gradual—No Striking Changes in the Rate Are Expected Soon—Total Volume of Business Holding Up Even Better Than Production—Above-Average Crops in Sight Again This Year.

(From the August "Business Bulletin" of LaSalle Extension University, A Correspondence Institution, Chicago, Ill.)

Continued readjustment of the economic system to the changing requirements of the one-front war in the Pacific and the energetic efforts to speed up the reconversion of such facilities as can be spared for normal peacetime output are the outstanding characteristics of the current business situation. Many of the shifts are being made more smoothly than was considered possible. Others, such as in transportation, are proving more difficult and disturbing. The redeployment of troops over long distances requires many more passenger cars. As much freight as last year is being hauled, most of it much farther and over routes which have not been handling such quantities in the past. Although the railroads are keeping up the excellent work which they have done throughout the war period, the demand for transportation will be so enormous that conditions may become somewhat more serious during the next few months.

War Production Still the Main Job

Although production for war has declined 17% since the high point in March and by the end of this month will be down 20%, war materials and equipment still constitute the major part of factory output. War expenditures are around $7,000,000,000 monthly and amount to more than 60% of all income payments to individuals each month. Well over $4,000,000,000 is being spent monthly for munitions, war materials, and equipment. The amount may become somewhat smaller during the remainder of the year but unless the war in the Pacific progresses much more favorably than now anticipated, the Federal Government will take the large part of what is being produced in factories. By the end of the year war output is scheduled to be around 70% of what it was at the beginning.

The effects of the cutbacks in war orders will become more evident during the next few weeks but so far they have involved no major jolt to total industrial output. They have, of course, been very striking and significant in many factories and communities. The policy has been to make the cancellations or reduction of war contracts with as little disturbance as possible. They have been made mostly in tight labor areas where workers laid off could most easily find employment elsewhere. They have been made in civilian plants which had been converted to war production rather than in specially-built war plants. They have been made in large, diversified plants rather than in single-product or one-contract plants.

Many shifts have also been made in types of products turned out. Some items, such as medium tanks, have been practically eliminated. Some other types of transportation equipment, including the production of ships, have been reduced much more than the average reduction. Several items have been increased, among which are increases of several hundred per cent in the production of

(Continued on page 530)

Analyzes British Exchange Controls

Federal Reserve Bank of N. Y. Sees Need for International Action to Create Conditions That Will Relax Restrictive Exchange Practices.

The Federal Reserve Bank of New York, in the August issue of its review of credit and business conditions, describes the British agreements effecting international exchange controls, such as have been concluded in the last nine months with Belgium, Egypt, Sweden, Turkey and other countries not in the Sterling area. Although stating that "agreements of this character will have a beneficial effect of faciliating more normal commercial relations between the participants," the review calls for "appropriate international as well as American action designed to create the conditions necessary for a gradual relaxation" of these exchange controls and other restrictive trade practices abroad.

The text of the Reserve Bank's statement follows:

Considerable interest has been evidenced in this country with regard to the series of important bilateral financial agreements which the British Government has concluded during the past nine months with various foreign countries, including, in chronological order, Belgium, Egypt, Sweden. France, Turkey, and Iraq. This article will examine the three agreements with the Western European countries, which exhibit a common pattern, while those with Egypt Turkey, and Iraq. which are of a somewhat different character, will be treated in a later article.

The recent agreements with Belgium, Sweden, and France, which are essentially an extension of somewhat similar financial pacts which Britain concluded with these countries early in the war, are primarily designed to facilitate the resumption of orderly commercial and financial relationships, long interrupted by the German occupation of Europe, between Britain and each of the countries concerned. This objective is to be achieved in each case by: (1) the establishment of payments machinery adjusted to the regime of close exchange controls prevailing on each side; (2) commitments regarding exchange rates; (3) cooperation in common exchange control problems and in the control of undesirable capital movements; and, most important, (4) mutual provision of overdraft facilities or credits to insure that trade between the parties will not be impeded by shortages of each other's currency or of other acceptable means of payment, such as gold and dollars. The agreement between Britain and France also contains a special set of provisions, which will not be discussed here, designed to settle the complicated mass of financial claims between the two countries arising out of the prosecution of the war. Included in the three agreements, it might be noted, are not only the four principals, but also, in the case of Britain, Belgium, and France, their respective monetary areas, i.e., the countries of the sterling area, the Belgian monetary area, and the French franc area.

(Continued on page 535)

PANAMA COCA-COLA
Quarterly dividend paid July 16, 1945 — $.50
DIVIDENDS:
1945 (to date) $1.75 — 1944 $2.75 — 1943 $4.50
Approximate selling price—29
New Analysis on request
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Public Service Co. of Indiana
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Southwestern Public Service Co.
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Monterey — Oakland — Sacramento
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Consolidated Mining
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British Securities
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79 Wall St., New York 5, N. Y.
Telephone HAnover 2-8681

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American Insulator
United Artists Theatre Circuit
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NSTA Notes

"40 OVER 8"

May we sincerely thank Joe C. Phillips, of Pacific Northwest Company, our Seattle district chairman, and Ray Bernardi of Cray McFawn & Co., our Detroit district chairman for their demonstration in the past week. Thanks are also due to Bert Horning, Stifel, Nicolaus & Co., St. Louis District Chairman, and Joe Weil, Weil & Arnold, New Orleans District Chairman, for advertising secured to date.

With less than four weeks to go can we call on our members for their aid in making this the most successful drive for advertising in the NSTA Supplement of the "Commercial & Financial Chronicle."

We would like to hear from San Francisco, and further from Los Angeles and Denver. Al Tryder, your Vice-Chairman, of W. H. Newbold's Son & Co., Philadelphia, has informed the committee that Philadelphia will perform in its usual custom very shortly. Our tabulation for this week is: Baltimore 5, Boston 3, Florida 4, Georgia 3, Tennesese 3, Detroit 15 up 2, Grand Rapids 3, Louisville 5, Clevelend 13, Cincinnati 6, up 3, New Orleans 7, Texas 3, St. Louis 13, Minneapolis 4, Chicago 17, and New York 62 up 21.

K. I. M. your advertising committee and prove to them they have your support.—Harold B. Smith, Chairman NSTA Advertising Committee, Collin, Norton & Co., New York, N. Y.; A. W. Tryder, Vice-Chairman NSTA Advertising Committee, W. H. Newbold's Son & Co., Philadelphia.

Calendar of Coming Events

August 17, 1945—Bond Club of Denver Annual Frolic with Rocky Mountain Group of I. B. A. at Park Hill Country Club.

August 24, 1945—Cleveland Security Traders Association annual summer meeting at Manakiki Country Club.

August 28, 29 & 30, 1945—National Security Traders Association, Inc. annual business meeting and election of officers.

Public Utility Securities

North American Light & Power

North American Light & Power is one of the "mystery" holding companies. Technically it is controlled by North American Company although it was not originally part of that system and is not included in the consolidated reports of North American. It in turn controls Illinois Traction, an inactive company (now being liquidated) which has important holdings in Illinois Power Co.

North American L. & P., in addition to its indirect interest in Illinois Power, controls two medium-sized utilities, Kansas Power & Light and Missouri Power & Light, and also has a substantial holding of Northern Natural Gas common. On the liability side the set up is as follows:

	Held by N. A. Co.	Held by Public
$5,623,500 debenture 5½s, 1956	100%	
$6 pfd. stock (194,180 shares, arrears $78)	44%	56%
Common stock (6,288,059 shares)	85%	15%

The company will be liquidated under SEC orders, but no formula has yet been worked out for division of the assets. The problem is complicated by the claims of four interests—North American Company, Illinois Power (which is suing over alleged mismanagement), and the preferred and common stocks. Abstruse "Deep Rock" issues complicate the picture—on the one hand possible mismanagement by North American Company, on the other hand the mismanagement claims by Illinois Power. And of course the preferred with its heavy arrears has a very substantial claim against the "Estate."

This brief sketch can only attempt a summary of the problems involved, not a careful analysis. Light & Power assets are carried on the balance sheet at only about $34,000,000, but seem to be worth considerably more, based on the following estimates:

	Est. Mill.
Cash less current debts	$5.2
Northern Natural Gas (355,250 shares) at *35	12.4
Kansas P. & L. (1,050,000 shares) at 13 times current earnings of $1.21	16.5
Missouri P. & L. (75,000 shs. com. earning $4.75) at 15 times earnings**	5.4
Illinois Traction note and equity	‡5.0
Illinois Power securities at recent market prices	1.4
Central Terminal note	.8
Miscellaneous items	.2
Total	$46.9

*Current Curb Market, 37¼.

**Earnings could be improved perhaps $1.00 a share by a refunding program, and common would probably be split up before a public offering, hence earnings have been capitalized at a higher ratio.

‡Illinois Traction, now being liquidated, will transfer 300,000 shares of Illinois Power together with cash and miscellaneous net assets to North American L. & P. The year-end valuation of these assets might be improved by higher prices for Illinois Power (now about 18).

Against these assets there are the following claims: Illinois Power is suing for an indeterminate amount of about $20,000,000-30,000,000 against which counterclaims of $45,000,000 were filed by the parent company. North American Company, according to its latest balance sheet, has a claim for about $4,564,443 with respect to the debentures and $4,157,000 invested in the preferred stock (holdings of the common stock, are carried at over $22,000,000). The preferred stock held by the public is entitled to $19,400,000, including dividend arrears; if it is assumed that, on the discount theory, about half the arrears would reflect a fair cash settlement, the total claim would be about $15,000,000.

On the basis of these estimates the preferred stockholders could be paid off (on a discount basis), North American could be assigned the book value of its investment in debentures and preferred stock, Illinois Power could receive $20,000,000, and there might still be several million dollars left for common stockholders. If the amount were apportioned among all stockholders it would hardly exceed 50 cents a share; if distributed only to public holders (about 961,000 shares) it might amount to several dollars a share. Naturally a wide variety of results can be obtained by manipulating the estimated amounts which might be assigned to the various claims in the final settlement.

North American L. & P. preferred is currently quoted at about 123-5½ and the common at 3¾.

Business Man's Bookshelf

Democracy Is Not Doomed!—An answer to Friedrich Hayek—Socialist Party, 303 Fouth Avenue, New York 10, N. Y.—paper—10c (quantity prices lower).

Investors Aid 1945—Outlook for business and securities—E. F. Hutton & Co., 61 Broadway, New York 6, N. Y.

Tomorrow's Markets Walter Whyte Says——

By WALTER WHYTE

Election news gave the market excuse for break. Many stocks point down some more; many do not. Time to buy when everybody expects them to go lower.

* * *

The biggest piece of news to hit the Street in many a long day was the British election returns. Being a complete surprise, the market acted in characteristic fashion. It went down. And in going down unloosed a flock of pessimistic interpretations and forecasts of which the communization of English industry was only a small part.

* * *

From this column's viewpoint the results of the elections are already in, for good or bad. There's nothing one can do about them. One now has to adjust accordingly. The first adjustment, from a stock market viewpoint, is obviously, what do we do from here on.

* * *

To do that we have to understand certain things that happened in the past. Take a look at the break. For weeks the market was shouting that it was coming. The news which actually brought it about was the election. But you can be certain that if it weren't the elections it would have been something else. The selling in the past few weeks wasn't the sort that comes from tired souls. Somebody somewhere knew something.

* * *

But now that the news is out the bearishness is no longer valid. It might be valid, probably quite is, for the long term. But for the immediate future the election news must be considered as so much water over the dam. From here on it looks like a case of higher prices. But before you go off half-cocked I'd like to point out that indications don't show a free-for-all on the upside. It looks like a

(Continued on page 539)

Over-the-Counter Quotation Services
For 32 Years
•
NATIONAL QUOTATION BUREAU, Inc.
Established 1913
46 Front Street, New York 4, N. Y.
Chicago San Francisco

Associated Electric 5s 1961
Associated Gas & Electric issues
Portland Electric Power 6s 1950
Lincoln Building 5½s 1963
GILBERT J. POSTLEY & CO.
29 BROADWAY, NEW YORK 6, N. Y.
Direct Wire to Chicago

Hirschfield Vice-Ch. Of Cons. Gas Util.

Consolidated Gas Utilities Corporation announces that Norman Hirschfield, vice president since 1938 and a director of the company since 1940, has been elected to the newly created office of vice chairman of the board. Prior to his association with Consolidated Gas Utilities in 1938, Mr. Hirschfield was a partner in A. M. Lamport & Co., investment bankers and a pioneering firm in the financing and construction of natural gas pipe lines in the Southwest.

Norman Hirschfield

The company also announces that Major Charles Friedman has been elected a director to fill the vacancy created by the death of Charles F. Park. Major Friedman of the United States Army Air Corps, who has recently returned from Assam, will be released from active service. Prior to his entering the armed services, he was treasurer of the Metropolitan Body Company of Bridgeport, Conn., and had been a member of the firm of Friedman & Co.

To Consider Curbs on Commodity Speculation

According to a United Press dispatch from Washington on July 28, Secretary of Agriculture Clinton P. Anderson has ordered a public hearing in Chicago on Aug. 15 to determine if further controls are needed to curb speculation in rye trading. This is, apparently, the result of recent wide fluctuations in rye prices, but it has a larger aspect, since it is believed to be in line with the recent Federal Reserve Board's policy of curbing stock speculation by raising the margin requirements on transactions to 75%. It is reported that the Department of Agriculture, which under the Capper-Tincher Act is given full authority to regulate transactions on food commodity exchanges, believes it may be desirable to impose additional restrictions and to pass additional laws on commodity transactions as has already been done in the case of the securities markets. The United Press states that Secretary of Agriculture Clinton P. Anderson said the department was considering the wisdom of "additional legislation to provide authority for the fixing of margins on commodity futures transactions in a manner similar to that in effect in the security markets."

Secretary Anderson expressed concern as to the effect of "unbridled speculation" on agricultural marketing. He stated that the Agriculture Department will move not only to lower speculative purchasing limits, but is also "considering the desirability of additional legislation to provide authority for the fixing of margins on commodity futures transactions in a manner similar to that in effect in the security markets."

Mr. Anderson mentioned that on June 27 the Chicago Board of Trade was directed to fix higher margins of its own accord. He said that the action taken by the exchange fell "materially short" of the department's wishes. The exchange established a 700,000-bushel position limit and a 1,000,000 bushel daily trading limit instead of the 500,000 bushel limit for each suggested by the department. Changes in the margin requirement and a maintenance margin also were less than asked by the agricultural department.

WIRE SERVICE
We have installed a direct Telemeter wire to office of
STRAUSS BROS.
32 Broadway — New York
with connecting wire to STRAUSS BROS., Chicago; WHITE & CO., St. Louis and BAUM, BERNHEIMER CO., Kansas City, Mo.
We invite your inquiry in over the counter securities traded in any of these markets.
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Members Los Angeles Stock Exchange
Bell Teletype LA 382

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AS VICE PRESIDENT IN CHARGE OF
SALES PROMOTION
HUGH W. LONG AND COMPANY
INCORPORATED
48 Wall St., New York 5 · 634 S. Spring St., Los Angeles 14

We are pleased to announce that
MR. J. STANLEY DAVIS
has become associated with us
as Vice President
George R. Cooley & Co. Inc.
Established 1924
52 William Street
NEW YORK 5, N. Y.
100 State Street
ALBANY 7, N. Y.

WE TAKE PLEASURE IN ANNOUNCING
THE FORMATION OF
H. F. SCHROEDER & CO.
WITH OFFICES AT
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TELEPHONE CORTLANDT 7-6628
BELL SYSTEM TELETYPE NY 1-2502
TO TRANSACT GENERAL INVESTMENT BUSINESS
H. F. SCHROEDER
M. GERBER

A Swedish View of the Anglo-Swedish Trade Agreement*

Writer Holds That Effectiveness of the Anglo-Swedish Payments Agreement Depends on the Retention of the Dollar-Pound Rate and Should Sterling Decline, Sweden Would Lose Since to Use Its "Blocked" Sterling Balance, It Would Pay More for British Than American Goods. Holds, Under Such Conditions, the Agreement Would Be Abrogated. Concludes the Agreement Conflicts With Bretton Woods Plan and Is Not Likely to Be Continued After the War.

A payments agreement between Sweden and England was signed in London on March 6. The agreement is valid for a period of five years, commencing Jan. 1, 1945, but can at any time be terminated after a three months' notice of denunciation. It aims primarily at regulating payment terms between the two countries during the transition period after the war, when a considerable Swedish export balance with England may be expected. Technically, the agreement means that the Bank of England shall sell to the Swedish Riksbank for Swedish crowns, such amounts in pounds sterling as may be required for payments which persons in Sweden must make to persons in the so-called sterling area, and that the Swedish Riksbank in return shall sell Swedish crowns for pounds sterling to the Bank of England. In reality this means—as a Swedish export balance may be taken for granted—that the Riksbank must assume from the Swedish exporters those pound claims which correspond to the Swedish export balance. These pound credits can only be used for payments in the sterling area, that is, mainly in Great Britain and the Empire, excepting Canada and Newfoundland (the most important countries, outside the empire, which belong to the sterling area are Belgian Congo, Egypt, Eire, Iraq and Iceland) and, hence, cannot be converted into dollars or gold.

The rate of exchange between the Swedish crown and the pound sterling shall be the one now in effect, that is, crowns 16:90 = £1. This rate of exchange shall not be altered by either government unless the other government has been given notice to that effect "as long in advance as feasible." The margin between purchasing and sales rates of exchange shall be determined mutually by the Swedish Riksbank and the Bank of England.

In the event that either country should join a general international monetary agreement, the stipulations of the agreement shall be the object of revision.

The Significance of the Agreement

For Sweden, the payments agreement signifies mainly two things: first, that we shall retain the present rate of exchange between the crown and the pound for the present ("tildsvidare"); secondly, that we declare ourselves willing to accept pounds, with limited possibilities for use,

(Continued on page 540)

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*Translated from "Ekonomisk Revy" (Economic Review) of April 2, 1945, Stockholm, Sweden. For text of the Anglo-Swedish Payments Agreement, see the "Chronicle" of May 17, 1945, page 2165.

The Anglo-Turkish Trades and Payments Agreement

Continuing its policy of publishing the texts of the British bilateral trade and payments agreement the "Chronicle" prints below the text of the Trade and Payments Agreement between the United Kingdom and the Government of the Turkish Republic with Protocol dated May 4, 1945. Previous issues have contained similar agreements with Sweden, Peru and Bolivia.

Trade and Payments Agreement Between His Majesty's Government in the United Kingdom and the Government of the Turkish Republic

London, 4th May, 1945.

The Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the Turkish Republic, wishing to develop trade and facilitate payments, have agreed as follows:

Article 1

The Anglo-Turkish Trade and Payments Agreement of the 3rd February, 1940,(1) as extended by the Exchanges of Notes of the 31st March and 30th April, 1945, is hereby abrogated.

Article 2

The Central Bank of the Turkish Republic (hereinafter called "the Central Bank") shall open a "Turkish Account" at the Bank of England.

Article 3

(i) On the coming into force of the present Agreement and, at such times as may be necessary thereafter, the Central Bank, acting as agent of the Government of the Turkish Republic, shall publish for its purchases and sales of sterling the buying and selling rate of sterling against Turkish pounds and the premium which is applied to certain operations.

(ii) The Contracting Parties shall take all possible steps to ensure that, except as may be agreed between them or on their behalf between the Bank of England and the Central Bank, all payments which residents of the sterling area are, under Exchange Control Regulations in force in that area, permitted to make to residents of Turkey and all payments which residents of Turkey are, under Exchange Control Regulations in force in Turkey, permitted to make to residents in the sterling area shall be settled through "Turkish Accounts."

Article 4

(i) The Government of the United Kingdom shall not restrict the availability of sterling on "Turkish Accounts" for making—

(a) Transfers to other "Turkish Accounts";

(b) Payments to residents of the sterling area; or

(c) Transfers to residents of countries outside the sterling area and outside Turkey to the extent to which these may be sanctioned by the Government of the United Kingdom under the arrangements contemplated in paragraph (ii) of this Article.

(ii) As opportunity offers, the Bank of England, acting as agent of the Government of the United Kingdom, will endeavor to arrange, at the request of the Central Bank, acting as agent of the Government of the Turkish Republic, and with the consent of the other interested parties, to make sterling on "Turkish Accounts" available for current payments to residents of other countries outside the sterling area. and,

(Continued on page 540)

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Birger Johnson Pres. of American Utilities

Birger L. Johnson, who was president of Memphis Natural Gas Company from 1935 to 1943, has been elected president of American Utilities Service Corporation, which operates telephone, water and gas companies in Wisconsin, Illinois, Missouri, West Virginia and Florida. Mr. Johnson was for a number of years vice-president of the investment banking firm of P. W. Chapman & Co.

Birger L. Johnson

While Mr. Johnson's headquarters will be in Chicago, he will continue to maintain his New York office.

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Real Estate Securities

Remarkable Appreciation Shown By Tabulation In This Article

This column, established as one of the features of this publication in September, 1942, to acquaint dealers and the investing public with the unusual possibilities offered by well selected real estate securities, has attempted to show various factors as they became apparent and the possible effect these factors and improved conditions would have upon the market value of these securities.

In the Dec. 30, 1943 issue, the column drew attention to some of the headlines of various articles during 1943 and also showed a tabulation showing the dollar appreciation during 1943 of certain issues mentioned. We believe it still of interest at this time to requote the headlines and to give a new tabulation using the same issues, in order that the 1943 appreciation may be shown and more important the additional appreciation since 1943, which in every case is in excess of 100% of the amount for 1943.

Some of the headlines for 1943 based on the contents of the column were as follows:

"Markets Show Continued Uptrend."

"Assessed Valuations Indicate Bonds Selling Far Below True Intrinsic Values."

"First Mortgage Liquidation Certificates Offer Attractive Investment Possibilities."

"Post-War Future of New York City Hotels."

"An Inflation Hedge, Hotel Securities Show Market Strength."

"Office Building Bonds Bear Watching."

"Changes Brought About By War and Economic Conditions Reacting to Benefit of Real Estate."

"Figures Compiled by Real Estate Board of New York, Inc., Show Large Increase in Dollar Volume and Number of Sales."

"Demand for Office Space in New York City Rental Rates Be Increased."

Issue—	Dollar apprec. in 1943	Dollar apprec. since 1943	Pres. bid per $1,000 bond
Savoy Plaza 3-6s, '56	280	455	825
London Ter. 3-5s, '52	105	330	760
Hotel Lexington Uts.	210	270	1,000
10 E. 40th 5s, 1953	45	95	*
Gov. Clinton 2s, '52	180	355	765
Hotel St. George 4s, 1950	115	195	730
Sherneth Corp. 5¾s	300	310	655
60 E. 65th 3-5s, '50	160	250	650
Allerton N.Y. 3-6s, 55	140	190	500
Hotel Taft 5s, 1947	80	80	*
Hotel Drake 3-5s, '53	140	240	700
2 Park Ave. 4-5s, '46	80	300	900
Herald Sq. 3-5s '48	80	230	940
870 7th Ave. 4½s	220	350	820

*Called at par.

There is no doubt, in our opinion, that well chosen real estate securities merit consideration in view of better general real estate conditions and that the above issues (as well as others) at the present market levels as shown in the table may appear very attractive upon investigation through specialists in the field who can supply full information.

Says U. S. Will Turn to Left

Harold Laski, British Labor Party Leader, Says Free Enterprise "Packed Up in the Nineties, When U. S. Reached the Last Frontier" and That Same Causes Which Brought About Labor Victory in Britain Are At Work Here.

In a radio interview by the Chief of the Columbia Broadcasting Company's European staff, and broadcast over the Columbia network on July 31, Professor Harold Laski, a prominent leader in the British Labor Party as well as Professor of Political Science at the London School of Economics, predicted that the United States will follow Great Britain in moving toward the left, "as soon as you face the issues of a peace-time economy."

According to the New York "Herald-Tribune," Professor Laski stated that American capitalism, as "free enterprise," is one of the most ingenious fallacies that American business men ever put over on the American public," and that "free enterprise is advertising that should be examined by the Federal Trade Commission."

According to the "Herald-Tribune" Professor Laski said he does not foresee any conflict between Labor Britain and capitalist America. "The same causes which brought about the Labor victory in Britain are at work with you," he continued, "and with the same effects. As soon as you face the central issues of a peace-time economy, the logic of history will make you move in our direction." He described the Labor Party victory in England as part of a world wide revolution, in which all liberated countries in all continents will participate.

Professor Laski, like Sir Stafford Cripps, stated the Labor Party will take up where the American New Deal stopped, with such projects as the Tennessee Valley Authority, and like Sir Stafford, he denied that the Labor Party is revolutionist in its doctrines.

"We are revolutionists," he said, "in the sense that we want the rational process of democratic government to reorganize the central principles of our civilization.

"We think we have got a chance of doing it by common consent and through the mechanism of parliamentary government. We are not ardent expropriators of everybody's property. We aren't going to touch any little man's savings.

"We are going in a straightforward, orderly fashion to socialize, stage by stage, the ownership of the vital instruments of production on a carefully considered plan of priority, because that is what the life of this nation depends on. And we are going to do it through Parliament."

In reply to the question as to what steps would be taken first in the nationalization program, Professor Laski said: "The Bank of England is going to be socialized, and the direction of investment will be planned as part of a process of industrial reorganization. And mines and electric power, then iron and steel and transport."

Dealer-Broker Investment Recommendations and Literature

It is understood that the firms mentioned will be pleased to send interested parties the following literature:

Agricultural Equipment Industry Outlook — Study of immediate and post-war prospects—E. F. Hutton & Co., 61 Broadway, New York 6, N. Y.

Bond Structures of the State of Louisiana and Its Parishes and the City of New Orleans—Booklet—Scharff & Jones, Inc., Whitney Building, New Orleans 12, La.

Grist — A page of comment geared to the news—Dresser & Escher, 111 Broadway, New York 6, N. Y.

Inflation — Memo on current economic outlook—Josephthal & Co., 189 Montague Street, Brooklyn 2, N. Y.

Also a brief summary of **Howe Sound Co.**

New York Bank Stocks—Quarterly comparison and analysis of 19 New York Bank Stocks—Laird, Bissell & Meeds, 120 Broadway, New York 5, N. Y.

New York Curb Exchange Common Stocks With Long Dividend Records—Tabulated list—**Herbert E. Stern & Co.,** 30 Pine Street, New York 5, N. Y.

Preferred Stock Guide—Quotations on preferred and common public utility stocks—G. A. Saxton & Co., Inc., 70 Pine Street, New York 5, N. Y.

Also available is a study of **Public Service Company of Indiana.**

Stock Market Comment — Discussion of current events affecting market—also available the **Fortnightly Letter**—H. Hentz & Co., 60 Beaver St., New York 4, N. Y.

Successful Investment Planning —A 10-year record of issues with appreciation possibilities — Security Adjustment Corp., 16 Court Street, Brooklyn 2, N. Y.

Atlanta & West Point Railroad—Circular—Adams & Peck, 63 Wall Street, New York 5, N. Y.

Boston Terminal 3½s of 1947—Analytical report describing reorganization status and proposed plan—**Greene & Co.,** 37 Wall Street, New York 5, N. Y.

California Electric Power Company — Detailed study — Walston, Hoffman & Goodwin, 265 Montgomery Street, San Francisco 4, Calif.

Also available a descriptive circular on **Philip Carey Manufacturing Co.**

Chicago, Milwaukee, St. Paul & Pacific—Memo on reorganization developments—Vilas & Hickey, 49 Wall Street, New York 5, N. Y.

Also available a memo of **ICC Monthly Comment on Transportation Statistics.**

Cleveland-Cliffs Iron Company —Memorandum and comment—Maxwell, Marshall & Co., 647 South Spring Street, Los Angeles 14, Calif.

Consolidated Cement Corp. Class A—Bulletin on recent developments—**Lerner & Co.,** 10 Post Office Square, Boston 9, Mass.

Also available are circulars on **Central Iron & Steel, Kingan & Co.** and **Riverside Cement.**

Consolidated Electric & Gas Co. preferred and **Central Public Utility Corp.** Income 5½s of 1952 —A study—Brailsford & Co., 208 South La Salle Street, Chicago 4, Ill.

The Cross Company—Analysis of condition and post-war prospects—F. H. Koller & Co., Inc., 111 Broadway, New York 6, N. Y.

Also available a memorandum on **San Carlos Milling Co., Ltd.,** including a reprint of an article on prospects for those desiring an interesting speculative situation.

Dunningcolor Corp. common—descriptive circular for dealers only—Bennett, Spanier & Co., Inc., 105 South La Salle St., Chicago 3, Ill.

Dunningcolor—Descriptive circular—J. F. Reilly & Co., 40 Exchange Place, New York 5, N. Y.

Also available is a memorandum on **Gerber Products.**

Eastern Corporation—Descriptive memorandum — Buckley Brothers, 1529 Walnut Street, Philadelphia 2, Pennsylvania.

Also available are memoranda on **Western Light & Telephone** and **Wellman Engineering Corp.**

Elk Horn Coal Corporation and **Lawrence Portland Cement Co.**—Report on attractive possibilities for price appreciation in these two industrials—Morris Cohon & Co., 42 Broadway, New York 4, N. Y.

Franklin Railway Supply Co.—Analysis—W. J. Banigan & Co., 50 Broadway, New York 4, N. Y.

General Industries Co.—Recent report — **Mercier, McDowell & Dolphyn,** Buhl Building, Detroit 26, Mich.

Also available a report on **National Stamping Co.**

Gro-Cord Rubber Company—Statistical memorandum on post-war outlook—Caswell & Co., 120 South La Salle Street, Chicago 3, Ill.

Hajoca Corp.—Circular on interesting possibilities—Hoit, Rose & Troster, 74 Trinity Place, New York 6, N. Y.

Also available is a memorandum on **American Bantam Car** and a new analysis of **Panama Coca-Cola.**

Interstate Co.—analytical study —Kneeland & Co., Board of Trade Building, Chicago 4, Ill.

Also available a detailed report on **United Brick & Tile Company.**

Kingan Company — Descriptive circular—**C. E. de Willers & Co.,** 120 Broadway, New York 5, N. Y.

Also available is a memorandum on **Macfadden Pub. Inc.** and **Sterling Engine.**

Long Bell Lumber Co.—detailed brochure for dealers only—Comstock & Co., 231 South La Salle Street, Chicago 4, Ill.

Also available are copies of the recently amended Illinois Securities Act.

P. R. Mallory & Co., Inc.—Analytical discussion — **Steiner, Rouse & Co.,** 25 Broad Street, New York 4, N. Y.

Midland Realization and **Midland Utilities Common**—Memorandum—Doyle, O'Connor & Co.,

(Continued on page 539)

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Meaning of British Election Results

(Continued from page 515)

Ministers and Governments, responsible to our House of Commons, has now come for the first time in our history into the hands of a majority Labor Government led by a Labor Prime Minister who, as deputy Prime Minister, did such splendid service during the war. But both our democracies have a common purpose, so to organize the lives of our people as to give them all those advantages and benefits that science and the bounty of nature have made possible.

Our general election was not decided on personalities or past records of achievement, but upon the policies for the future put forward by the rival parties. There is one point upon which everyone is agreed. That Great Britain should concentrate all its available effort upon the successful completion of the war against Japan. The principal differences were over our domestic problems and how we shall face the difficult period that lies ahead of us. From many Labor platforms admiration was expressed for Mr. Churchill's fine leadership through the war years. But there was the very strongest opposition to the Conservative Party's program for the future.

Labor Party's Program

Labor put forward a limited program to be carried out during the next five years. We sought power to plan the orderly development of the country's resources, bringing some few of the more important industries and services under national ownership, while retaining a system of planned and controlled private enterprise for the rest. Many admiring references were made to your great T.V.A. experiment as a pattern of what could be achieved by wise and imaginative planning.

It was made clear that the Labor Party did not believe in confiscation, but rather in fair compensation for any person whose interests were taken over by the State, whether in industry, land or finance. During the war a great volume of savings has been built up by the small men in our country and we are particularly anxious to see that these savings are safeguarded. For that reason, apart from all others, it will be necessary to maintain prices and other controls so as to avoid the losses that would flow from inflation.

Our fundamental idea is to achieve a greater degree of economic liberty for the common people, though this means some restraint upon the financial and industrial freedom of the small section of our population who hitherto enjoyed privileges and wealth. We shall seek to accomplish this in our first five-year program by a wise combination of State ownership and private enterprise with effective control and planning of our national resources. In this way the Labor Party believes that it can make our democracy more effective and more all-embracing in its scope, and hopes to be able by these means to raise the general standard of living throughout the country. This higher standard will be reflected in more generous provisions for social and industrial insurance and pensions, and also in better health services, education, housing and recreational opportunities for the people.

The British Labor Party has always been and is today a social democratic party, that is to say it believes that the necessary changes must be brought about by democratic methods. It will be for our House of Commons to decide upon the speed and the thoroughness of the change. We are determined that the House of Commons shall be the sovereign body in our country, controlling and regulating on behalf of the people every change that is made in our laws.

Election Is Result of Well Considered Opinions

One of the most interesting and noteworthy features of our election was the thoughtful attention given by the people to the rival programs put forward. It was in no sense an emotional exhibition. It was markedly more serious-minded than any previous election of which I have had experience. The British people have given a well-considered opinion and have spoken decisively in favor of the Labor Party's program. This is particularly the case so far as the younger generation is concerned including those in the armed forces.

Another point to be observed is that very many members of the so-called middle class, the professional and salaried workers, have for the first time thrown over their allegiance to the Conservative Party and have supported the Labor Party, realizing that workers by hand and brain have common interests. A number of rural districts hitherto considered the backbone of Conservative strength have also elected Labor members. In the result Labor has been given a very large majority in the House of Commons which should insure it a long term of office.

International Policy

For many years now the Labor Party has been a pioneer of international agreements such as that recently worked out at San Francisco, and so quickly approved by the American Senate. For we believe that those who live by the work of their brains or hands have very similar interests in whatever country they may happen to live. But we also adhere to the full to the strong sentiment of the British people of every political view that one of the essential foundations for a prosperous and peaceful world must be a close and understanding friendship between our two democracies.

Each of our nations has its own destiny to fulfill under God's guidance, and each has its own peculiar contribution to make to the development of peace and prosperity throughout the world. But, though our contributions are separate and distinct, they can only have their full value if they are given in mutual understanding and cooperation.

Democrat or Republican, Labor or Conservative, as Americans and Britishers let us work together for a fuller, better and happier future for our own people and for all the teeming millions of the world, determined to make true in action those deep-seated Christian principles which inspire our civilization.

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S. E. Firms Group to Assist Veterans Employed by Members

Incident to the fact that servicemen are daily returning in large numbers and the question of proper reemployment of the discharged veteran will shortly become a major problem in this as in other industries, it is indicated by the Association of Stock Exchange Firms, in advices of July 25 to member firms of the Association, that "a nationwide committee of partners of Stock Exchange firms has been formed for the purpose of assisting member firms in handling the problems which may arise with the return of veterans who were formerly associated with such firms. The objective of the committee, says the announcement, is twofold:

"First—To assist former member firm employees in finding satisfactory reemployment in the 'Street' by establishing a Clearing Bureau for jobs, and

"Second—To give firms information on questions connected with the relocation and technical training of veterans."

The announcement, made by William K. Beckers, Chairman of the Committee on Veteran Placement and Training, and W. W. Peake, Secretary of the Association of Stock Exchange Firms, further states:

"The committee, therefore, as a first move in this survey requests the following information from our members:

"1. The name of a partner in each firm who will act as liaison between the Association and his firm.

"2. The number of men in each firm who have been or are enrolled in government service, and what positions they formerly held.

"3. How many veterans have already returned to jobs in your organization.

"It is realized that everybody wishes to provide a job for the man who has left. Many veterans will find immediate reemployment with their old firms. It is possible, however, that some will wish new jobs not available in their former firm. Such a man may list his requirements with the committee through his former firm as soon as the proper clearing machinery has been set up. The committee will, at such future time, also ask member firms to list with the Clearing Bureau jobs which may be available. Assistance will be offered in selecting the proper educational classes at the New York Institute of Finance or elsewhere. But activities will for the present necessarily be limited in general to assisting the former employees of Exchange firms.

"Through our Regional Governors we shall make an effort to establish local committee to work along these lines. Inasmuch as there is a definite need for additional employees, it should be possible to realize our desire to bring back to proper reemployment the men who have been fighting for us on all fronts.

"If you will be good enough to furnish us with the information requested your committee will proceed in an earnest effort to solve whatever problems may arise for the returning veterans of New York Stock Exchange firms."

ADVERTISEMENT

NOTE—*From time to time, in this space, there will appear an article which we hope will be of interest to our fellow Americans. This is number ninety-eight of a series.*
SCHENLEY DISTILLERS CORP., NEW YORK

Bombardier!

ACT I:
Some years ago the president of one of the advertising agencies which serve us wrote a book on ADVERTISING. About a year ago he received a letter from a young lieutenant, a bombardier, who was in a German prison camp. His plane had been shot down over enemy territory. While "behind the wire" he happily found a copy of our agency friend's book in the prison library. Before entering the armed forces this lad had been studying advertising in college. And here he was, a prisoner of war, continuing his studies from a text book written by a seasoned, practical advertising man.

Our "hero" did not spend his time bemoaning his fate; he wrote the author of the book, for further informative material. (We wrote a piece in this column about a year ago, on this incident.)

ACT II:
The happy day arrived. Victory in Europe! Prisoners freed . . . returned home!

ACT III:
Today, this recorder attended a luncheon at the Waldorf in honor of our young lieutenant who had just graduated from the "University of Captivity." The luncheon was given by a number of advertising men who had clubbed together, during this past year, at the suggestion of our agency friend, for the purpose of sending additional advertising material, following the lad's request for "*more, more.*"

ACT IV: (Coming)
The fourth act—in this little drama, remains to be written. It will have a happy ending—when our young lieutenant is discharged from service and gets the advertising job he deserves. He has learned much about the reactions of the human mind—so necessary in advertising. Can anybody stop this lad?

Chorus answers: "NO!"

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Mr. Sides and Mr. Maloon were formerly officers of Hale, Waters & Co., Inc.; Mr. Morse was an officer of H. P. Wood & Co.

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Post Mortem

(Continued from page 515)

members of the association. A petition signed by such members asking for an affirmative by-law directing all of the officials to adopt a hands-off policy in connection with voting on proposed amendments under Article IX would have a very salutary effect.

Our own attitude is that the Governors have a plain duty even in the absence of such petition. However, since they choose to disregard it this is one way, should such an amendment be passed, of forcing them to a realization of their duty.

We are now told, rather jubilantly, that the securities field by reason of the adoption of these amendments has taken on a professional tinge. That is the bunk. The word or phrase was conveniently coined for the purpose of ensnaring the non-analytical mind.

Dealers in securities are merchants. Where they act as principal they have something to sell, just as do merchants in every other field. They likewise buy with an eye to making a profit. The members of the public who purchase from them have the same motive in mind. There is nothing particularly alluring about the term "professional tinge." It is being used only to increase the Behemoth of regulation which now bestrides the securities industry.

To apply to a merchant the term "professional" does not change his activities one iota. He is what he is and name calling effects no alteration. We believe this to be absolutely true in the securities industry.

Of course, formally it may be said that the by-laws dealing with registration are not yet in full force and effect because the Securities and Exchange Commission has a veto power.

Whilst we believe that ample grounds exist for the exercise of that veto power, particularly amongst other things, because of official action in attempting to influence the result, we would be amazed if the Securities and Exchange Commission did declare these new by-laws inoperative.

In our humble opinion, the by-laws are as much a product of the SEC as they are of the NASD. We believe that representatives of both organizations have conferred with respect to them. We believe that their contents, if not their exact phraseology, were the product of the meshed activities of both organizations. We believe further, that it is a duty of the representatives of both organizations to make known to the public, and particularly to the membership of the NASD, the number of conferences on this subject matter that actually took place and the time and place and subject matter of each of these conferences.

We go further. We believe that minutes should be kept of such conferences which so vitally affect the public and the securities field and that such minutes should be made public property.

Call this function of the SEC on NASD by-laws a right of veto, a right of review, or a right of appeal, the effect remains the same. The SEC will not annihilate a creature that it had a hand in creating.

We wonder how many of the member firms who voted for these amendments were by their set-up, affected. How many of them employed salesmen, traders, etc., etc.

If the truth were known, isn't it just possible that this may be a case of the tail swinging the cat?

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How the War Dollar Was Spent

The country's victorious progress first in the two-front and now the one-front war has been paced day by day and month by month by the ever-increasing cost of those successes, according to figures released by the War Production Board, based on Department of Treasury statements.

From a monthly cost of $4,100,000,000 in 1942 and $6,800,000,000 in 1943, the bill increased to $7,400,000,000 for each of the twelve months of 1944. As a result of these expenditures, the public debt, which reached a high of $26,600,000,000 on Aug. 31, 1919, for the last war, and a low of $16,000,000,000 for the between-war-period, Dec. 31, 1930, amounted to $230,000,000,000 as of the end of 1944.

A study of how the taxpayer's dollar has been spent for war preparation and the conduct of the war from July, 1940 to March, 1945 has been made by WPB's statisticians. The dollar divides up as follows: The War Department spends 53 cents out of each dollar and the Navy another 29 cents, or a total of 82 cents by the two services. The division of the remaining 18 cents is of especial interest, WPB said.

Of this sum, 8 cents was spent from specific lend lease appropriations, 5 cents for the United States Maritime Commission and War Shipping Administration, and 3 cents for the Reconstruction Finance Corporation and its affiliates. Only 2 cents out of each wartime tax dollar was spent for war activities of the other Government agencies, which include the Department of Agriculture, Federal Security Agency, Federal Works Agency, National Housing Agency, Department of the Treasury, Aid to China, payments for United Nations Relief and Relief and Rehabilitation Administration, Department of Commerce, Department of Justice, Office of War Mobilization and Reconversion, Panama Canal, Smaller War Plants Corporation, Executive Office of the President (which includes WPB) and miscellaneous other Government agencies engaged in war activities.

Knighton in Roanoke

ROANOKE, VA.—Percy P. Knighton is engaging in a securities business from offices at 1223 Third Street, South West.

Maj. Davis Vice-Pres. Of Geo. R. Cooley Co.

Major J. Stanley Davis has been elected a vice-president of George R. Cooley & Co., Inc., of 52 William Street, New York and 100 State Street, Albany. Major Davis served in both World Wars and was formerly a partner of Hemphill, Noyes & Co., until 1930. More recently, he was an officer and director of several important upstate banks and industrial corporations.

Maj. J. Stanley Davis

John Alexander With Pledger & Company

Firm Has Wire to East

LOS ANGELES, CALIF.—John H. Alexander has become associated with Pledger & Co., Inc., 639 South Spring St. Mr. Alexander was formerly an officer of Cook, Miller & Co., and prior thereto was with Akin-Lambert Co.

Pledger & Co. has installed a direct wire to Strauss Bros. in New York, connecting with Strauss Bros., Chicago; White & Co., St. Louis, and Baum, Bernheimer & Co., Kansas City.

We find ourselves engaged in a constant crusade to preserve our American way of life. Of this the freedoms including of course, the freedom of trade, constitute component parts.

Daily our freedoms seem to die a little and a transfusion of miliant vigilance becomes most imperative.

There will always be those who, beguiled by empty promises which they think may lead to personal advantage, will be blind to the overall welfare of all the people.

Special incursions into our liberties which we may sometimes believe have only application to the securities field have a way of getting out of hand and gradually attaching themselves to industry in general.

Not the mere expedience of today but the ideal of an all-time freedom should be the purpose of the press.

Wherever we find it, regardless of whomsoever it may affect, we shall continue to fight oppression, not only in its direct form but in its more insidious forms wherein there is a pretension of protecting the public welfare, when the net result is a curbing of public freedom and the undermining of the American philosophy of government.

We have prepared a memorandum on

MIDLAND REALIZATION
and
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Causes of the Bull Market

(Continued from page 514)

of wealth a bull market in values would seem to have as its fundamental cause those well known economic price making factors—scarcity of things to buy and an excess supply of money.

Immediate Causes

The necessary productive effort to carry on the war has raised the index of production to the highest level in our history. The war production has had a ready market to one buyer at cost plus a profit. Many lines of civilian goods production have been curtailed and the scarcity in many necessary civilian goods is the largest ever known in our markets.

While taxes have taken a large part of the earnings from corporations and individuals still the national income has broken all records, and the savings of individuals and corporations have far exceeded any previous period of prosperity known to us. The estimated savings of individuals vary from one hundred to one hundred and fifty billion dollars.

Money and Credit Inflation

Taxation has removed a portion of the war income as indicated by the collections exceeding forty billion dollars in the past year. In spite of these taxes, however, individuals, corporations and banks have purchased more than two hundred billions of dollars worth of Government bonds since the war began. Probably half of these bonds have been purchased by the banks. As the banks have purchased bonds and expanded their deposits it has been necessary to increase the currency to maintain the desired ratio of cash to demand liabilities. In this process the total currency in circulation has risen to 26.8 billion dollars and the total bank deposits exceed 150 billion dollars. The reserve ratio of gold has steadily declined from above 90 in 1942 to well below 50. To protect the Federal Reserve Banks against the approaching deadline of the reserve ratio Congress has lowered the ratio requirements to 25% in gold against note issue and deposits.

This inflation in the currency and bank deposits has kept money abundant and cheap. The destruction of wealth plus the increase of money and credit and the scarcity of civilian goods seems to fulfill all the requirements for a vast rise in prices of anything of material value.

In addition to this unprecedented increase in money and credit, refugees who are schooled in the tactics of inflation in European countries have found the American markets where inflation and its consequences are less understood, an open invitation for the exchange of cheap money for future claims to productive resources which will have a scarcity value for some years to come.

Outlook for Civilian Production and Corporate Profits

The delaying processes of reconversion, tooling up for production and supplying the American markets with goods demanded by the people promise to maintain scarcity in these markets for many years. It is estimated by competent authority that it will take from seven to ten years to supply the demand for motor cars alone. After World War 1, we had a building scarcity and a building boom that lasted for almost a decade. The present scarcity of residential buildings far exceeds that after World War I.

On the other hand, the outlook for profits in the post-war period is not too good.

Civilian production and marketing are more complicated than war production and marketing where all production goes to one buyer according to specifications. Costs of production have risen sharply as a result of the war and most of these costs cannot be reduced for peacetime production for a long time.

While some tax relief may be expected a year or two after the war is over the Government's need for revenue will remain from four to six times as high as before the war. Post-war taxes must remain high and a permanent charge upon the earnings of industry and individuals. The price of corporation common stocks will tend to move with earnings in the future as in the past. When prices get far ahead of earnings a correction is inevitable in time. Inflation may increase earnings for some companies, but for the most part inflation will cause a decrease in earnings for corporations because of the increase in the costs of operation which accompany inflation. It is difficult for a corporation to increase its profits with rising prices for raw materials, increasing wages and rising taxes. In some instances volume can absorb these costs. But volume itself is limited by technical factors, tools, machines and processes necessary to production; and also by the well known economic law of diminishing returns with increased applications of labor and capital.

Interest Rates and Security Prices

The low money rates maintained by inflating the currency in order to finance the needs of the Government as cheaply as possible are the most potent forces in pushing up the prices of bonds and stocks. The low rates on Government bonds and the abundance of cheap money created the demand for all other high grade bonds at declining yields. The scarcity of high grade bonds with satisfactory yields created the demand for second and third grade bonds, preferred and common stocks. The abundance of cheap money seeking income with the help of that deep-seated desire on the part of everyone who has money for capital gains has created a speculators' paradise. Any bond or stock that would yield more than 3% on its interest or dividend return has become the subject of speculation for capital appreciation. This rise in the value of bonds and stocks and real estate is an inevitable result of the Government's cheap money policy. It is as natural for prices to be marked up to the new capitalized values of lower interest rates as it is for water to seek its level.

Unfortunately low grade securities are bid up as much and sometimes more than high grade securities for income returns and on speculative rumors.

The duration of this period of cheap money has led to the belief on the part of many people that low interest rates are permanent. A hasty examination of financial history and the capital markets should dispel that idea and place everyone on his guard who has low grade securities that have been run up in price or who has high grade securities on which the yield is lower than in ordinary normal times. In the past we have had long periods of declining money rates and long periods of rising money rates. For the most part rising money rates have accompanied business activity and prosperity and declining money rates have accompanied business stagnation and depression. From 1873 until 1896 money rates and prices in the United States tended to decline with interrupted short periods of rising money rates and prices. From 1896 until the end of World War I both money rates and price levels were on the increase. In 1921-1923 there was a sharp decline in money rates and commodity prices. Money rates hardened and continued their advance from 1925 until the collapse of the bull market in 1929. Money rates declined sharply with the depression from 1929 to 1934. Since 1934 money rates have been kept artifically low by currency inflation.

The large demand for capital as a result of the destructions of the war and the delayed and accumulated needs for civilian purposes will require billions of new capital annually for many years. This capital can only come out of savings. To continue to increase debt by inflation and mark up the prices of existing capital will not supply the new capital needed. On the other hand, it will create great scarcity and high prices with unheard of want and poverty for lack of capital for production purposes.

Any attempt to return to sound convertible money and curb inflation will bring sharply rising interest rates and declining prices for stocks, bonds, and real estate which have been overvalued.

Corporate Security Reorganizations and the Bull Market

The promise of capital appreciation is always a force that creates speculation. In the present bull market the reorganization of the capital structures of the utility holding companies has been a great magnet for speculation.

When a utility company which is solvent is compelled to reorganize its capital structure and repudiate its contracts with its security holders, and divide up its assets, giving to bond and preferred stockholders assets of much greater value than they contracted for and taking from the common stockholders the future rights to growth for which they contracted and upon which they risk their money, disrupting speculative forces are set in motion.

For example, the prices of bonds and preferred stocks of some utility holding companies are to receive assets valued at from 50% to 200% of the original fixed values which the security holders purchased and the common stockholders are to be deprived of a large per cent of that future growth upon which they risk their money. Since the Supreme Court agreed to review the "death sentence" of the public utility holding companies in the fall there has been extraordinary activity in the common stocks of these holding companies with the hope that these common stockholders would be able to recover the contractual rights they purchased.

Perhaps no other one force has been more powerful in fanning the speculative fever in the present bull market than the bargain hunters seeking the graft obtainable by the senior security holders in these companies.

Seaverns to Join Faroll & Company

CHICAGO, ILL.—Louis C. Seaverns has become associated with the New York Stock Exchange firm of Faroll & Company, 208 South La Salle Street, it is announced. Mr. Seaverns is a member of a pioneer Chicago family which has been well-known on La Salle Street and in the grain trade for three quarters of a century. His grandfather became a member of the Board of Trade before the Civil War and later started an elevator business here. Mr. Seaverns and his father, the late George C. Seaverns, organized Seaverns & Co. in 1921 and in 1932 he became a partner of Abbott, Proctor & Paine. He lives in Lake Forest and has extensive business interests in Chicago. Faroll & Company are members of the leading stock and commodity exchanges and maintain branch offices in various Illinois and Iowa cities.

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Announcements

of personnel and office location changes deserve care in preparation. We will be glad to suggest appropriate forms suitable for such advertisements.

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Pennsylvania Brevities

Pittsburgh Railways Co. Nears Clarification

According to information made public last week by Philip A. Fleger, Senior Vice-President of Philadelphia Company, the multimillion dollar muddle of traction companies comprising the Pittsburgh Railways Co. system appeared to be along the road to a practicable solution.

Mr. Fleger stated that substantial progress has been made in the last year in determining claims against the Railways Co., which has been in receivership since May 10, 1938. Such claims, which may aggregate approximately $5,000,000 unless compromised for less, are amply protected by the $19,000,000 cash or equivalent now held by the operating Trustees. The steps proposed by Mr. Fleger are as follows:

1. Determination and settlement of claims which rank prior to those of security holders.

2. Determination of remaining available cash.

3. Computation of such remaining cash distributable to security holders.

4. Lifting of the receivership.

5. Offer by the Philadelphia Company to purchase all publicly held securities.

As may be seen, the proposed steps are successively inter-dependent one upon another. Any plan which contemplates dismissal of the receivership would have to be approved by the Federal Court and any plan including an offer to purchase publicly-

(Continued on page 525)

Moyer Municipal Mgr. For Sheridan, Bogan

PHILADELPHIA, PA.—The investment firm of Sheridan, Bogan Company, 1616 Walnut Street, members of the Philadelphia Stock Exchange, announces the opening of a Municipal Bond Department under the direction of Walter R. Moyer.

Mr. Moyer was formerly manager of the municipal department for the local office of Merrill Lynch, Pierce, Fenner & Beane.

C. Newbold Taylor Named Gov. of IBA

C. Newbold Taylor, W. H. Newbold's Son & Co., 1517 Locust St., Philadelphia, has been elected a governor of Investment Bankers Association of America.

Nalle Appointed Director

Richard T. Nalle, for past 20 years vice president of Henry Disston & Sons, has been elected executive vice president and director of Midvale Co. He remains as a Disston director.

Halsey Stuart Group Offers So. Bell Issues

A large group of underwriters headed by Halsey, Stuart & Co. Inc. on July 31 offered $45,000,000 Southern Bell Telephone & Telegraph Co. 40-Year 2¾% Debentures, due August 1, 1985, at 101⅛% and accrued interest. The issue has been oversubscribed.

Net proceeds to be received by the Company are to be applied toward the retirement of all the $45,000,000 outstanding 3¼% Debentures, due 1962. The Company intends calling the 3¼s next Oct. 1 at 103% and accrued interest.

Upon completion of the proposed financing, outstanding capitalization will consist of the 2¾% Debentures; $25,000,000 of 40-Year 3% Debentures; $35,000,000 of 30-Year 2¾% Debentures; and $175,000,000 ($100 par) Capital Stock.

Total operating revenues for 1944 amounted to $131,264,141, and total income before interest deductions was $15,401,796. The corresponding figures for 1943 were $121,891,996 and $15,915,174.

The new debentures are redeemable, in whole or in part, at 107% through July 31, 1950, and at a redemption price that decreases 1% of the principal amount for each succeeding five-year period until it reaches 101% for the five-year period ending July 31, 1980, and at par thereafter. Accrued interest is to be added in each case.

The Company furnishes local telephone service in 948 exchange areas and approximately half of its telephones are located in the 15 largest exchange areas, each having a population of 125,000 or more. These include the following cities: Birmingham and Mobile, Ala.; Charlotte, N. C.; Charleston, S. C.; Jacksonville and Miami, Fla.; Atlanta and Savannah, Ga.; Louisville, Ky.; New Orleans and Shreveport, La.; and Chattanooga, Knoxville, Memphis and Nashville, Tenn.

The business of the Company has shown an unprecedented growth for the past five years, due in large part to the pre-Pearl Harbor defense program and the subsequent war program. From June 30, 1940 to March 31, 1945, the Company gained 513,056 telephones, of which 76,203 were located at military and naval installations, ordnance plants and depots, etc. The number of toll messages was about 102% greater in 1944 than in 1939.

Other principal underwriters associated with Halsey, Stuart & Co. Inc. in the offering are: Bear, Stearns & Co.; Blair & Co., Inc.; Otis & Co.; Phelps, Fenn & Co.; E. H. Rollins & Sons, Inc.; L. F. Rothschild & Co.; Shields & Co.; Wertheim & Co.; W. C. Langley & Co.; Central Republic Co., Inc.; Burr & Co., Inc.; A. C. Allyn and Co., Inc.; H. M. Byllesby and Co., Inc.; Coffin & Burr, Inc.; Dick & Merle-Smith; Hallgarten & Co.; Tucker, Anthony & Co.; William Blair & Co.; and Putnam & Co.

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Pennsylvania Municipals

By WILLIAM F. MILLS

There is a tendency on the part of a large number of investors in Pennsylvania to refuse to consider the obligations of any political sub-divisions that lie in the "coal-regions." This is due in part, to the fact that of the few Pennsylvania municipalities that have defaulted or are in default at present, the great majority are located in the anthracite mining area. However, there seems to be no evidence that any of the major civil divisions in those regions have ever failed to pay interest and principal when due, with the possible exception of a short period during the Bank Holiday in 1933 when the banks of the nation were closed and the monies on deposit could not be obtained until the reopening. This event could hardly be termed peculiar to the coal regions.

Defaults exist at the present time in these areas among those communities where the coal reserves have been exhausted or the shutting down of mining activities for one reason or another has left the particular municipality with a bonded debt and no visible means of support. In one or two instances there appears to be some evidence of bad faith. All of these sore spots, however, occur mainly in what may be termed minor civil divisions and not in the larger cities or counties.

Due to this sales resistance, in Pennsylvania at least, the obligations of the stronger coal region names are usually priced to yield more than the bonds of municipalities in other areas whose debt history and statistics are often no better. Thus, an investor free of prejudice who is willing to examine the facts and figures pertinent to the credit of the community, is often in a position to secure a more liberal return on his investment by purchasing some of the stronger coal region obligations.

Fayette County offers an interesting case in point. The County's basic economy is bituminous rather than anthracite coal mining, but in general the problems are similar. The majority of the population of the County depends upon bituminous coal mining and reserves are, naturally, being depleted, resulting in declining assessed valuations. But on examination, factors appear in the debt composition and financial management of the County that substantially nullify the heavy dependence on this one industry, as far as County obligations go. Total bonded debt of the County amounts to $1,700,000, made up of three issues as follows:

$100,000	4¼s	12/30/45
600,000	4¼s	2/15/49
1,000,000	4¼s	12/ 1/52

From the above it will be noted that 41% of the debt matures in about 3½ years and the entire debt is due to be extinguished in 7½ years. As of about a year ago the County Sinking Fund, made up of cash, Fayette County, and U. S. Government bonds, totaled $1,058,519 or 62.2% of the total bonded debt. The County has issued no bonds since 1936 and no bond financing is anticipated in the foreseeable future. For the past several years current tax collections have averaged about 75% of the current levy, yet the budget has been balanced, due principally to estimated receipts being based upon experience rather than a hope. This practice could well be emulated by certain other communities whose bonds find more favor in the market.

Obviously, this little discourse is not to be construed as a blanket endorsement of all coal region bonds. Rather, it is intended to point out that not all obligations of this area are bad and that opportunities for satisfactory investment do exist in some of the stronger names in this locality. Naturally care must be taken in the examination and selection of such credits but this procedure does not differ from that the investor should pursue in all cases.

A very worthwhile service could be performed by the State bureau that has to do with municipal financial affairs by preparing a complete study of the coal region communities with recommendations for remedial action where such is needed. Such a project could do much toward alleviating the headaches that do exist and giving credit in the open where credit is due.

New York Stock Exchange Weekly Firm Changes

The New York Stock Exchange has announced the following weekly firm changes:

Transfer of the Exchange membership of Joseph B. Ray to Charles H. Sulzberger will be considered on Aug. 9th. Mr. Sulzberger, it is understood, will act as an individual floor broker.

Transfer of the Exchange membership of the late Rudolph Nadel to Earl E. T. Smith will be considered on Aug. 9th. Mr. Smith will act as an individual floor broker.

Richard H. Moeller and Blanche A. Smith retired from partnership in Smith & Gallatin, New York City, on Aug. 1st.

Michael Nerlinger, partner in Jewett, Newman & Co., died on July 20th.

A. R. Bruyn in New York

A. R. Bruyn has opened offices at 60 Beaver Street, New York City, to engage in an investment business.

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RAMBO, KEEN, CLOSE & KERNER, INC.
Investment Securities
1518 Locust Street, Philadelphia
Private telephone wires to New York and Baltimore

Pennsylvania Brevities

(Continued from page 524)

held securities would presumably have to be approved by the S.E.C. which exercises jurisdiction over the Philadelphia Company under the Holding Company Act.

It appears likely that the S.E.C. may insist on a complete reorganization and recapitalization of the properties comprising the traction system and the merger or elimination of the 53 underlying companies. The Philadelphia Company may then point out that only by the acquisition of the minority public holdings is such a reorganization practicable. Previous plans have failed (1) because the underliers were not under the jurisdiction of the court and (2) public holders were in no agreement as to the equitableness of the proposed distributions.

The City of Pittsburgh has made repeated efforts to have the court assume jurisdiction over the properties of the underliers and thus compel a reorganization, but in each court test thus far the corporate rights and identities of the underliers have been sustained.

Thus it appears that Philadelphia Company's proposals, as outlined by Mr. Fleger, may provide a workable solution. Most public holders are not concerned as to whether Philadelphia Company's offers to purchase will be at satisfactory price levels. If the receivership is lifted, debt service is resumed and a program adopted providing for the payment of back interest and dividends over a period of years, it is felt that market prices will take care of themselves.

If Philadelphia Company's plan should bog down, public holders of underlying securities have an immediate recourse in petitioning the court for a substantial distribution on account of "use and occupation."

Warner Plan Coming

A recapitalization plan involving the underwriting and sale to the public of approximately 135,000 shares of new Warner Company common stock is expected to be officially announced this month. Proceeds will be used for the retirement or exchange of the entire issue of approximately 23,000 shares of Warner Company first 7% preferred, par $50, which carries accruals of $34 per share as of Oct. 1, 1945. Warner second preferred, all of which is owned by Wawaset Securities Co., and present Warner Co. common will receive appropriate exchanges into new Warner common. Warner Company 1st 4s, 1959, now amortized to something less than $4,000,000 and all owned by Penn Mutual Life Insurance Co., will be undisturbed. The company is dominant in the Philadelphia area in the production, distribution and sale of sand, gravel, limestone products and central-mix concrete. Heavy construction projects are opening up in this district more rapidly than previously anticipated and the management expects near-to-capacity business over the next 5 or 6 year period.

* * *

Second quarter net profits of Allegheny Ludlum Steel Corp., Brackenridge, Pa., are estimated in excess of $1,000,000, or over 80¢ per share, compared with $865,065, or 65¢, in 1944 period.

* * *

As of June 30, Penn Mutual Life Insurance Co. reported an increase of $33,922,098 in insurance in force for the first half, bringing total to $2,174,960,399, an all time high. Assets of approximately $1,000,000,000 were also at a new high level.

* * *

Pittsburgh Coal Co. stockholders have voted to merge with Consolidation Coal Co. to form the world's largest commercial producer of soft coal. The new company, to be known as Pittsburgh Consolidation Coal Co., will have assets of $160,000,000 and an annual output of 27,406,019 tons.

* * *

Tradesmens National Bank & Trust Co., Philadelphia, has increased quarterly dividends from 35¢ to 40¢ per share on its $20 par stock. Directors also transferred $570,000 from undivided profits to surplus, bringing latter up to $4,200,000.

* * *

Pennroad Corp. reports net assets per share as $9.27 as of June 30, against $8.03 last Dec. 31. First half net income decline $60,781. First half profits on securities sales were $495,496, against $454,010 a year ago.

* * *

A big time horse trade is on the agenda between United Gas Improvement Co. and its foster parent, United Corp. It is proposed that United Corp. surrender its 606,622 shares of U.G.I., valued at $11,200,000 and constituting 26.1% of the outstanding stock, for U.G.I.'s holdings of Niagara Hudson Power Corp. worth approximately $17,500,000. Differences would be adjusted in cash. By reducing the amount of U.G.I. outstanding, earnings and asset value of remaining shares would be correspondingly increased. The action would also take U.G.I. out from under United as a holding company. The S.E.C. will have to approve.

* * *

Output of Philadelphia Electric Co., last week, totaled 126,419,000 k.w.hs., up 2.3% over the 1944 period.

Outwater & Wells Admit Andrew Spring

JERSEY CITY, N. J.—Outwater & Wells, 15 Exchange Place, announce that Andrew C. Spring has been admitted to general partnership. Mr. Spring has been with the firm for some time as manager of the trading department.

Stork to Visit Davis

Edmund J. Davis, Vice-President of Rambo, Keen, Close & Kerner, 1518 Locust Street, Philadelphia, is running home early these afternoons to his bride, formerly the Countess Marie Zavorski of Buckley Brothers. Davis is expecting his house to be heir-conditioned in January.

CITY OF PHILADELPHIA BONDS, both School District and General Obligations are available at yields which appear attractive in comparison with similar high-grade 1% bond issues.

The reconversion problem for Philadelphia appears simple; despite its large share in the nation's war work, it needed relatively few new plant facilities; and its peacetime diversified industrial activity seems assured.

In addition, it has substantially reduced its funded debt over the past several years and its financial requirements are being realistically handled.

We offer:

CITY OF PHILADELPHIA BONDS

Amount	*Rate*	*Maturity*	*Price*	*Yield*
$ 25,000	3⅛%	January 1, 1968/54	115.37	1.20%
250,000	3¼	January 1, 1965/55	117.71	1.25
250,000	3¼	January 1, 1970/56	117.87	1.40
25,000	3¼	January 1, 1965/57	119.46	1.40
10,000	3¼	January 1, 1958	122.29	1.30
50,000	3¼	January 1, 1975/62	124.56	1.55

SCHOOL DISTRICT 1¼% BONDS

Dated August 1, 1945 Due August 1st

Amount	*Maturity*	*Yield*	*Amount*	*Maturity*	*Yield*
$184,000	1952	.80%	$200,000	1959 & 1960	1.05%
193,000	1953 & 1954	.90	200,000	1961 & 1962	1.10
191,000	1955 & 1956	.95	200,000	1963 & 1964	1.15
89,000	1957 & 1958	1.00	100,000	1965 & 1967	1.20

YARNALL & CO.
1528 WALNUT STREET, PHILADELPHIA
Philadelphia Telephone Pennypacker 0300
New York Telephone REctor 2-0790
August 1, 1945.

Reserve Bank Official Amplifies Further Dealer Margin Rules

(Continued from first page)

lication of the Board of Governors of the Federal Reserve System." Such a record has been published periodically by the Board of Governors since the adoption of the regulation. A "List of Stocks Registered on National Securities Exchanges as of Jan. 31, 1943," was published by the Board of Governors in February, 1943, and cumulative supplements have been published quarterly since then, the latest supplement having been published in May, 1945. It is the practice of the Federal Reserve Bank of New York to furnish copies of such lists and supplements to interested persons upon request. If a particular stock is not included in the list published in February, 1943, or in the current supplement, a bank may treat the stock as one which is not registered on a national securities exchange.

Second, Dr. Sakolski states that "according to the rules of the Federal Reserve Board, it would be necessary for the dealer, in getting a collateraled loan from a bank, to put up a 75% margin, if there happens to be among the securities he furnishes as collateral only one listed stock among any number of different stocks that are not listed, and on loans secured entirely by unlisted stocks, whenever he is not certain whether he will use the proceeds for trading in stocks that may be listed on some securities exchange." As indicated in Section 1 of Regulation U, a loan is not subject to the regulation unless the loan is (a) *for the purpose of purchasing or carrying a listed stock*, and (b) secured directly or indirectly by any stock whether or not listed. But if a loan is for the purpose of purchasing or carrying a listed stock, then as provided in the supplement to the regulation a listed stock pledged as collateral has a maximum loan value of 25% of its market value, and an unlisted stock pledged as collateral also has a loan value of 25% of its market value.

Even though a loan is secured by a listed stock, the loan is not subject to the regulation unless the loan is for the purpose of purchasing or carrying a listed stock; and the fact that a listed stock is pledged to secure the loan does not necessarily mean that the loan is for the purpose of purchasing or carrying a listed stock. For example, if a person obtains a collateral loan from a bank for the purpose of purchasing a piece of real estate, the loan is not subject to the regulation even though it is secured by listed stocks. Likewise, if a loan is for the purpose of purchasing or carrying unlisted stocks, the loan does not become a loan for the purpose of purchasing or carrying a listed stock merely because a listed stock is pledged as collateral for the loan. Therefore, if a loan is definitely for the purpose of purchasing or carrying bonds or unlisted stocks and is not for the purpose of purchasing or carrying listed stocks, the loan is not subject to the regulation even though the loan may be secured by listed stocks. On the other hand, Dr. Sakolski is quite correct when he points out that if a dealer obtains a bank loan secured entirely by unlisted stocks the loan should be treated as subject to the regulation if the dealer contemplates that the proceeds of the loan may be used for the purpose of purchasing or carrying a listed stock.

WILLIAM F. TREIBER,
Secretary, Federal Reserve
Bank of New York.
July 30, 1945

We are pleased to announce the opening of a

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Ford Predicts Higher Living Standards

(Continued from first page)

and more competition for greater excellence in quality. These will bring more and more employment.

"The events of the last six years have shaken us from our complacent attitude. Production techniques and science have advanced tremendously. We now must translate this knowledge into practical things that can be used. And we mustn't dawdle.

"Labor should be educated so it may know and understand the problems of industry and the full benefits of cooperation. Industry wants to help in that education, given the chance. Many of the barriers between management and labor will dissolve when the chance is given.

"During the war, many people have learned, of necessity, the great importance that agriculture plays in their lives. They know the value of the land and have come to respect it. Surely they will not neglect this opportunity. Gradually, the farms, the schools and industry are becoming more closely linked. This goal must be achieved.

"We owe the men and women who fought and are fighting in this war a debt. The Ford Motor Company will not forget them. Nor will it forget those who were too young to fight, but who were forced to live through the terrors of war. The veterans of this war and these young men and women are the ones who will prevent its repetition."

Fishing Good in Canada Says Charlie Goodeve

Charlie Goodeve, partner of F. B. Ashplant & Co., 2 Wall Street, New York City, reports very fine fishing up in Canada. He has just returned to his desk after several weeks vacation looking like a million and sporting a mustache.

Dominion of Canada
All Issues

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Canadian Securities

By BRUCE WILLIAMS

As a result of the British elections, it would appear that Canada stands politically furthest to the right of center of all the democratic countries. Consequently, it is logical to suppose that if the shackling restrictions of increasing state control become too oppressive elsewhere, there will be a tendency for private initiative to migrate towards a country where human enterprise is not only encouraged, but where also vast undeveloped resources can be exploited to the fullest degree by venture capital and unfettered endeavor which, if successful, are not deprived of a just reward.

The recent flow of speculative capital, however, which chose as its medium Canadian internal securities, does not fall within this category. The warning given in this column at the height of the currency scare has been clearly confirmed by Finance Minister Ilsley's public statement in connection with Canada's adherence to the Bretton Woods agreements, that there is not the slightest foundation for reports of a contemplated imminent change in the rate of the Canadian dollar.

It can be anticipated therefore that Canada will enter the transitory stage of the Bretton Woods plan with her currency unit established at the current discount of 10% in relation to the U. S. dollar. Subsequently, it is highly probable that an upward revision might be dictated as a result of Canada's inevitable expansion and growing importance as a world trading power.

Thus the exchange bubble has been rudely burst and the short term speculative purchasers, who concentrated on Canadian internal bonds, are likely to endeavor to liquidate their holdings. As in the case of the U. S. Government bond market, exaggeration, especially when based on over-confident anticipation of official intentions, leads to invariable correction. The exaggeration in the Canadian situation is purely an exchange matter, and high grade Canadian internal bonds still constitute an attractive investment, particularly when any flurry in the free exchange market cheapens their cost.

Canadian government bonds on a 3% basis still make favorable comparison with lower yielding high grade domestic issues. Moreover the Canadian interest pattern has been slowly and smoothly adjusted to the universal downward trend, and the error of sudden accentuation, which results in loss of control and inducement to undesirable speculation and free-riding, has been avoided.

Turning to the market for the past week, activity was almost at a standstill in the external section with the price level unchanged to a share easier. Although there was little turnover in internals, there was an increased pressure of offerings and the Canadian dollar in the free market broke away from the official selling point to 9¾% discount. Now that the speculative crisis is over, a further decline in the rate is to be anticipated. **Any exaggeration in this direction, however, will afford excellent opportunities to acquire internals at attractive prices.**

With regard to the possible future course of the market, the reactionary trend of the internal section and other outside influences can have a depressionary effect on the externals, but it must be borne in mind that the basic situation is unchanged and in some respects is improved. As soon as the speculative excesses in the Canadian, as well as in other markets, have been corrected, it will be possible to enter into fresh commitments under healthier conditions.

It is to be expected also that all investment markets will be subjected in the near future to controlling restraints such as the raising of the Federal Reserve rediscount rate.

Labor Market Areas

The War Manpower Commission on July 16 announced the publication of a new Directory of Labor Market Areas, which becomes available to the public for the first time through the Superintendent of Public Documents, Washington 25, D. C., for 25 cents a copy. The Directory lists all communities of 1,000 or more, as of June 1, within WMC's 301 classified labor market areas. Communities are listed alphabetically according to States. Area locations and boundaries are further defined by means of maps. Information concerning population and leading industries of labor market areas is also given. The revision supersedes the Directory of Labor Market Areas released by WMC under date of February 1944.

TAYLOR, DEALE & COMPANY
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WHitehall 3-1874

CANADIAN SECURITIES
Government · Provincial · Municipal · Corporate

Hugh Long Co. Names Wright V.-P. in Charge of Sales Promotion

Richard A. Wright

The election of Richard A. Wright as Vice-President in charge of sales promotion of Hugh W. Long & Co., Inc., underwriter for open-end investment companies having total assets of $62,000,000 was announced by Hugh W. Long, President, following a meeting of directors.

Mr. Wright has been associated for eight years with Carl Byoir and Associates, Inc., public relations counsel. Prior to that he was a member of the editorial staff of the "Wall Street Journal."

Fred Marshall With Lord Abbett on Coast

LOS ANGELES, CALIF.—Fred A. Marshall, well-known investment banker, has become associated with the Pacific Coast office of Lord, Abbett & Co., 210 West Seventh Street, it was announced by Gerald M. Goodman, the firm's Pacific Coast Vice-President. Mr. Marshall brings to his new post many years experience in the financial field. Entering the investment business in 1924, he has been active with leading securities firms in New York, San Francisco and Los Angeles since that date. During the past several years, he has been associated with the Bank of America in an executive capacity. Mr. Marshall has just returned to the Coast from New York, where he visited the Lord, Abbett management organization.

Lord, Abbett & Co., with offices in New York, Chicago, Atlanta and Los Angeles, is one of the largest sponsors of investment funds in the nation. The Lord-Abbett group of investing companies is composed of Affiliated Fund, Inc., American Business Shares and Union Trustee Funds, Inc., with total combined assets of approximately $100,000,000.

Mail Service to Sweden

On July 30 Postmaster Albert Goldman announced that information had been received from the Post Office Department at Washington that effective at once, regular (Postal Union) mail and parcel-post services, except insured and C. O. D. parcel-post, are resumed to Sweden subject to the rates and conditions in effect prior to the suspension of service. Mail intended for dispatch by air to Sweden is limited to articles weighing up to one pound, says the announcement, which added:

"The licensing requirements of the Foreign Economic Administration are applicable to articles for delivery in Sweden, and also the limitations imposed by order of the Postmaster General No. 17471 of April 20, 1942, as follows:

"(1) Only one parcel or package per week may be sent by or on behalf of the same person or concern to or for the same addressee;

"(2) The weight of each parcel-post package is limited to 11 pounds, the length to 18 inches, and the combined length and girth to not more than 42 inches.

"(3) Contents are limited to nonperishable items which are not prohibited in the parcel-post mails to Sweden."

CANADIAN SECURITIES

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Permits Personal Support Remittances to Italy

Personal support remittances are now authorized to any part of Italy, the Treasury Department announced on July 24. No assurance can be given, however, says the announcement, as to the outpayment of remittances to certain areas in Northern Italy since banking and communication facilities may not yet be available. From the Treasury advices we also quote:

"Under General License No. 32A, as amended today, a maximum of $1,000 per month may be sent through banking channels to any individual within Italy for his support and that of his family. Such remittances may be made from blocked accounts of individuals living in Italy except the accounts of subjects of Italy or citizens or subjects of other countries against which we have declared war. Persons desiring to effect remittances to individuals in Italy should consult their local banks.

"While the Italian Government has presently authorized only the Bank of Italy, the Bank of Naples and the Bank of Sicily to handle support remittances, today's amendment to General License No. 32A makes it possible for additional banks in Italy to participate in this program should the Italian authorities permit them to do so.

"The Treasury Department also announced that General Licenses Nos. 32 and 33, which authorize support remittances to non-enemy blocked countries, have been amended by increasing from $500 to $1,000 the maximum amount which may be remitted in one month. Attention was directed to the fact that, in view of General Ruling No. 11A, General License No. 32 does not authorize debits to the accounts of citizens or subjects of Germany or Japan who have been within enemy territory at any time since December 7, 1941."

Bush & Co. in Ft. Worth

FT. WORTH, TEX.—Bush & Co. has been formed with offices in the Petroleum Building, to engage in a securities business. Partners are Frank Warren Maddox, John Donoho and John Fred Bush.

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Approves "Chronicle's" View on Military Training

Correspondent Holds That Subsidizing the Training of Mechanical and Practical Minds More Essential in Discovering and Inventing New and Efficient Means of Defense and Attack.

The Editor, "The Commercial and Financial Chronicle":

Your article "Compulsory Peacetime Military Training," published in your issue of June 14, 1945 is fully in line with my views on the subject.

Training all our youth for an entire year holds out no promise that any physical or disciplinary benefits would be lasting. It might, undoubtedly, be most repugnant to our youth who would, and justly so, resent the idea of such regimentation. At the end of the enforced training what is to hinder a large percentage of such youth, who have undergone the strict, confining and most likely, repulsive training, to quickly and deliberately undo the benefits they derived, if any.

Germany's custom of enforced military training of youth over a period of many generations has probably been the direct cause of her having become embroiled in untold disturbances during that period, besides the two recent wars, both of which she lost ignominiously. That is what enforced military training and constantly carrying a chip on her shoulder, has done for one erstwhile great nation. We should profit by that example and thus avoid the self evident mistakes of others.

With due respect and apologies to our great war leaders, what we should do, in my most humble opinion, is to maintain, permanently, a regular army of at least a million highly trained men and an equally competent and efficient navy and airforce. With this limited equipment always in readiness, which is as moderate as this nation can consider, we would be immediately prepared, should any emergency arise, to protect our interests until the necessary supplementary fighting forces could and would be gotten ready.

What is furthermore most essential is that the inventive genius as well as the keen initiative of a force of the most highly trained mechanical and practical minds in this country should be properly subsidized by a government department to keep not only full abreast but decidedly ahead of any other country in discovering and inventing new and efficient means of attack and defense. Then the adaptation of those discoveries without delay.

That Germany expended over 19 billion dollars on armament from 1935 through 1939 was of record. Expenditures of U. S. A. for the same period was just over 5 billion dollars. The knowledge of such facts should have then decisively rung the bell in this country. The Rhineland episode, then the Austrian invasion and what followed, that should have immediately aroused us as to what was self-apparently inevitable. However, we were virtually helpless at that time, in the way of military protection and even then did not do much if anything about it. That was our setup, militarily, prior to both World Wars. We must never again be so blind and helpless to such evident probabilities of outside aggressiveness, anywhere.

For that reason, if some serious international incident should arise, we might be most vulnerable with only a loosely woven aggregation of enforced trained youth, whose military discipline might have become more or less obsolete as their years of such activities are behind them. It would appear much more practical and advantageous for West Point and Annapolis, and in fact for all military schools, to materially increase their facilities. In that strictly voluntary manner the military and disciplinary training given in those institutions to the students, would be taken and absorbed in good graces, as it always has been.

This country, now the most respected and most powerful in the world, should maintain that position, irrespective of pressure from any source, whatsoever.

What we undoubtedily should have permanently, is a well organized and highly trained army, navy and air force, fully equipped with the most modern tools of warfare. We would then be ready, at a moment's notice, to back up, forcefully our position at any time our leaders detect any movement whatever which might become a threat to the peace of our country or of the world. Nothing less!

WALTER H. WEIL, Partner
WEIL & COMPANY
Richards Bldg. Arcade,
New Orleans, La.

Railroad Securities

Louisville & Nashville Common

Successful refundings in two operations, one involving the sale of $53.8 million First and Refunding 3⅜s at 105.88, the other $53.1 million of 2⅞s at 98½, draws attention to the investment value inherent in the equity of this carrier.

L. & N. is a large system serving the south, operating some 7,184 miles crisscross fashion. Principal traffic component is bituminous coal. Despite a low rate, coal lends itself to mass distribution with resultant low operating costs. Accordingly, it should occasion no surprise that L & N is a highly efficient railroad property, carrying through to net operating income before Federal Income Taxes a percentage normally about 3% greater than the average of other Class I carriers.

To ensure a continuance of a high degree of operating efficiency L & N's management has spent sizable sums for both maintenance and for capital expenditures. In the period 1937-44 inclusive, maintenance expenditures totaled some $307.9 million, equivalent to $48,889 per equated track mile, and gross capital expenditures, $62.3 million, equivalent to $9,894 per equated track mile. The foregoing capital expenditures are equivalent to slightly over $26.50 per share of common. Notwithstanding these large capital expenditures, funded debt was reduced $34.8 million in the 8 year period 1937-44.

Reduction of funded debt referred to however, coincided with rise of gross and net earnings of the war period. Total debt at the end of 1937 amounted to $227.6 million. At the end of 1941 the total stood at $229.7 million. Allowing for contemplated retirements, either already made or as planned, total debt at the 1945 year-end is expected to be around $180 million, consisting of the following:

Equipment trust certificates including conditions sales agreements	$17,793,000
Underlying debt	55,559,000
First & ref. 3⅜s, 2003	53,581,000
First & ref. 2⅞s, 2003	53,119,000
	$180,052,000

Giving effect to recent refunding, all near term maturities (other than $5,566,000 due in 1946 and which doubtless will be retired out of surplus corporation funds) will have been eliminated. Nearest maturity is 1955 and between that year and 1965, most of the System's underlying debt, unfortunately non-callable and carrying 4% and 5% coupons, falls due.

Interest charges on the $180 million debt will amount to approximately $5,748,600 on an annual basis. Lease rentals and interest on unfunded debt should increase this total by $425,000, so that fixed charges should approximate $6,173,000, marking a reduction of 40.8% from peak depression charges of $10.4 million.

As previously indicated, gross and net earnings rose substantially during the war period. Gross revenues rose from an average of $85 million during the 30s to $214.7 million in 1944. Net available for charges rose from an average of $16 million in the 30s, to $28.5 million in both 1941 and 1942, $29.9 million in 1943 and $27.0 million in 1944. Applying estimated reduced fixed charges to past earnings, and making no adjustment for increased taxes, equity per share earnings adjusted for the 2 for 1 split in December 1944, rose from an average of $3.50 in the 30s to a little better than $9 in the war period ($10.16 peak in 1943), an earning power well justifying distribution of a $3.50 dividend.

Finances are strong, net current assets as of Dec. 31, 1944 totaling some $45.6 million, not including either $6.4 million of other investments not carried in current assets, or Excess Profits Tax Refund bonds of $1,142,000. Additionally, net investment in emergency facilities, amortizable on a 60 months basis, amounting to $13.9 million or $11.88 per common share, will doubtless be translated into working capital (to the probable extent of 60%) through the medium of tax credits.

Taxes of L & N have mounted sharply, from $8.1 million in 1939 to $63.6 million in 1944. Federal Income Tax burdens in 1942, 1943 and 1944 amounted to $38.0 million, $56.2 million and $51.4 million, equivalent to $13.84, $21.88 and $19.74 per common share, respectively. This heavy tax burden provides an excellent cushion against the inevitable decline in both gross and net earnings in the reconversion period.

Post-war, we envisage gross revenues of some $160-$170 million for this carrier. Assuming a 70% operating ratio, elimination of Excess Profits Taxes, continuation of present rate of normal and surtax at 40%, and that taxes absorb 13% of post-war gross, earnings on the common should approximate $10 per share. With refundings already consummated, a major portion of L & N's debt retirement completed, and an almost impregnable financial position, dividends might well be distributed at the rate of from $4 to $5 per share. L & N's past record and future prospects entitles the stock, currently selling at 57¼ and affording a liberal yield of 6.11% on its current $3.50 dividend, to an investment rating and inclusion in a diversified portfolio appears well justified at this time.

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A Banker Appraises the South

(Continued from page 515)

the South's problems and its opportunities; in other words, to make a banker's appraisal of the South. With that approach in mind, let's put down the credits and the debits and see where we come out.

On the credit side, the South has an abundant supply of many raw materials—cotton, tobacco, timber, petroleum, coal, iron, natural gas, minerals, naval stores, and a wide variety of other products.

Of the country's total production, the South accounts for 95% of the cotton, 90% of the tobacco, 75% of the natural gas, 60% of the crude petroleum, 50% of the bituminous coal, 40% of the lumber, and 12% of the iron ore.

Turning these raw materials into finished products has been the basis of the South's industrial progress for decades.

While at times this progress may have seemed somewhat slow, when we review the gains over a period of years the figures provide some sense of satisfaction and pride. At the turn of the century in 1900, total industrial production in the South was valued at $1,564,000,000. For 1939, the last year for which data from the Bureau of Census are available, this figure had increased to $11,190,000,000, a gain slightly in excess of 700%. During the same period, the national gain was 400%, while states outside the South increased 366%.

Today, 80% of the active cotton spindles are in Southern mills and we manufacture 90% of the nation's tobacco products.

Electric power development in the South has contributed substantially to its industrial growth. In 1943, we produced 26% of all the electric power output in the country, including both water power and power from fuels.

In 1943 the South accounted for 40% of the national farm crop income.

In 1900 the South's cotton crop brought $370,000,000; in 1943, $1,322,000,000. Our tobacco crop of 1900 sold for $40,000,000; in 1943, $514,000,000.

Of special significance is the South's financial progress. In 1910 the banking resources of this region were only $3,275,000,000; today they are more than $23,000,000,000. Savings deposits in the same period have increased from $575,000,000 to $3,500,000,000. Life insurance in force increased from 3½ billions to more than 30 billions.

One of the South's leading natural advantages is its climate. It is a land of mild temperatures, relatively free from extremes of heat and cold, with ample rainfall and an abundance of sunshine throughout the year. This provides a long growing season for agriculture and attracts workers and others who seek relief from the rigors of harsher climates in other regions.

The South's white population is composed largely of native-born stock, direct descendants of the early independent, pioneer settlers, almost wholly pure Anglo-Saxon.

It is a homogenous population. It is predominantly rural and therefore possesses those inbred characteristics of stability and resourcefulness so valuable in the development of industrial enterprises. Although not highly skilled, it has been conclusively demonstrated that Southern labor can readily be taught skilled trades.

Our people are not crowded together in large cities, but scattered in smaller cities and towns where living and working conditions are more attractive. The South has few metropolitan cities; it has thousands of small towns whose people are supported partly by industry and trade, and partly by agriculture. This pattern fits perfectely into the current trend of dispersal of large industries.

The South has excellent transportation facilities. Today 81,473 miles of railway lines criss-cross the Southern states. We pioneered in the development of concrete highways, and now approximately 350,000 miles of modern highways spread throughout the South. Twenty-one airplanes serve this region and supply direct connections with other routes throughout the nation and overseas. Through our excellent ports and harbors and our inland waterways flows a steady stream of domestic and foreign commerce.

These are by no means all of the resources and advantages of the South which give it a substantial footing on the credit side. I have simply outlined the more important of them here.

Now let's look at the debit side—some of the South's problems and needs.

We have relied too much on one crop—cotton—in our agriculture and have not had sufficient diversification in industry. Too much reliance on the growing of cotton and tobacco and the processing of these raw materials has made us too vulnerable to sudden market changes affecting these products. The result has been that farmers in normal times have had to sell much of their cotton and tobacco in an unprotected world market and buy much of their food, machinery and clothing in a well protected domestic market.

The freight rate structure, which for many years favored producers in the East at the expense of Southern producers and shippers, has undoubtedly greatly retarded the South's development. Nothing has happened in the past 50 years of such tremendous significance as the recent decision of the Interstate Commerce Commission to correct these freight rate inequities. The beneficial results will not appear immediately, but in the next five to ten years this change in freight rates will greatly stimulate Southern progress.

It will mean that the nation's great distributing and merchandising companies will establish more distribution centers throughout the South, and finished products from Southern plants will move to markets throughout the nation on an equal basis with products from other sections of the country. The trend towards the South, which has been evident now for some years, will be greatly accelerated by this momentous decision.

The South has not produced enough foodstuffs and clothing to supply the needs of its own region, thus necessitating the more expensive procedure of bringing in these basic supplies from distant sources.

If the South is to provide a broader market for its own products, it must continue to raise the average per capita income of its people.

To meet the challenge of the future, I believe we shall need more business and industrial leadership, constantly improving management, to help develop our resources and opportunities.

We also need many more technically trained men. We have produced our share of leaders and technicians, but many of them were so good that they were lured away to responsible positions in other sections of the country. We must provide full opportunity for our own young men and also import leadership from other sections to broaden our business viewpoint and add new types of experience.

These are some of our problems and needs. There are others, but I believe that most of them are related to these main points.

Now if we add the debits and the credits, subtract one from the other, I am confident that the South will show a substantial excess on the credit side.

However, there are other factors which I think are of much greater significance than a mere enumeration of natural resources and raw materials.

Recently there have been unmistakable trends and developments which give an entirely new color to the picture of the South, factors which can greatly accelerate its progress.

The impact of war upon the South is of particular significance.

In the four years ending June 30, 1944, $5,187,000,000 had been spent in Southern states for war production facilities alone—plants, shipyards, tools, etc. This does not include other billions spent for airports, camps, and purely military installations.

War Contracts

During the same period war supply contracts awarded in the South totaled $25,532,402,000. They included ships, planes, guns, shells, ammunition, explosives, high-octane gasoline, textiles, synthetic rubber, food, paper and pulp, steel, aluminum and cement, to name some of the more important items.

There has been a substantial accumulation of reserves, savings, and war bonds by industry, business and individuals throughout the South.

The intensified need for foods and raw materials has forced improved methods, diversification and intensive cultivation in agriculture.

Farm mortgage debt has been greatly reduced, the use of more farm machinery has been stimulated and the farmer has been obliged to learn new techniques and better farm management.

Farming in the South is rapidly getting away from the one cash crop system and in the future we shall produce more of our own foodstuffs, especially poultry, eggs and a wide variety of dairy products.

The war production program has brought new and diversified industry to the South, developing a large supply of skilled labor. This has been one of our great needs—the training of labor in high precision work.

In the textile field the South once had the reputation for producing largely coarse goods and low quality textile products. This picture has changed materially in recent years as many refinements and improvements have been made in our textile industry. For example, we have one producer in North Carolina making fine combed yarn with counts as high as 160, which is probably the finest yarn made in this country.

Many of our mills are already placing orders for improved machinery and equipment when available.

There is a substantial program now under way for the expansion and improvement of rayon weaving facilities and the enlargement and refinement of spun rayon production. There is also taking place an expansion of woolen yarn and woolen fabric production.

In furniture manufacturing we have many plants turning out high quality furniture products, and we have demonstrated that these products will compete in durability and appearance with high grade furniture made in any other section of the country.

The paper and pulp industry is moving South where it has been attracted by huge supplies of raw materials and favorable working conditions. In 1943 we produced 47% of the nation's wood pulp and 26% of its paper and paperboard. While much of this production is in the coarser paper goods made from our pine forests, other types of paper mills are being developed in the South. We have a notable example of this in the Ecusta Paper Corporation in North Carolina which now supplies nearly all of the cigarette paper for the nation and in addition makes high grade writing papers.

There has been a tremendous shifting of the hosiery industry to the South. In the past 10 or 15 years many plants from the middle Atlantic belt have moved into the South, and there has been a dramatic development of new plants within the area, many of which started with two to five knitting machines.

The South is rapidly overcoming its handicap in education, research and technical training. For example, in 1910 the South spent $80,000,000 for public schools. In 1943 it spent $511,000,000. There is much yet to be accomplished, but we are making rapid progress in raising our educational standards.

Of special interest to industry is the establishment of excellent facilities for the technical training of young men to operate and manage industrial plants. There are now being established at the North Carolina State College of Agriculture and Engineering, three foundations—the Textile, the Dairy and the Agricultural Foundations—which will do much to broaden our technical training.

In the field of research we are also making outstanding progress.

There will be ample bank credit available to meet all sound industrial credit needs in the South during the reconversion period. We have in recent years developed many sizable regional banks which work closely with local community banks, thus providing, through correspondent relationships, a combination of financial resources adequate for all needs.

As a special aid to small business, credit groups are being formed throughout the country under the leadership of the American Bankers Association. The combined credit being offered by groups already formed in the South totals over $250,000,000 and the amount is being continually increased.

Summarizing this appraisal, the South has made great progress. We still have far to go to equal the economic attainments of some other regions, but I venture to predict that the **rate of progress** in the South during the next decade will equal or surpass that of any other section. I, therefore, leave with you the slogan of one of our great southern railroads, "Look Ahead—Look South!"

Four Curb Members Fined

As a result of investigations of the New York Curb Exchange Committee on Stock Transactions fines were imposed on four members of the Curb, totalling $850.

Max Winchel and William B. Steinhardt, two specialists in a joint account, were fined $250 each, because, in the opinion of the committee, their purchase on June 22, of 5,000 common shares of Red Bank Oil Company "was not reasonably necessary to permit such specialists to maintain a fair and orderly market in such stock, and that, in accordance with an established trading floor policy, a member of the Committee on Stock Transactions should have been consulted before the joint account effected a purchase as a dealer which would create an unusual position in the stock."

A fine of $250 was imposed on Murray Furman "for assuming the duties of an alternate specialist in the stock of Technicolor, Inc., without being registered by the specialist in such stock and receiving the approval of the Committee on Stock Transactions."

Charles Foshko was fined $100, the Committee "having determined that he did not use proper diligence in the execution of an order," although the name of the security involved in the action was not revealed.

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Add Two New Series to Nat'l Securities Group

Henry J. Simonson, Jr., President of National Securities & Research Corp., announces the addition of two investment series to the National Securities Series group.

H. J. Simonson, Jr.

Entitled "Selected Groups Series," one fund represents a new approach to group investment by selecting not less than 3 or more than 5 industry groups and confining portfolio issues to a limited selection from such groups. Initial selection represents the automotive, building, household and office equipment, and railroad equipment groups, all four of which have large post-war backlogs represented by pent-up demands. Changes in industry groups can be made from time to time by the investment management. The initial offering price is $5 per share and the estimated return is 5%.

The second fund, known as "Speculative Series," is representative of a portfolio of speculative securities selected for high return. Included in the initial portfolio are preferred and common stocks that currently give a composite return to the investor of 8%. The offering price is $5 per share.

National Securities & Research Corp. has issued five pieces of new literature descriptive of these funds which may be obtained upon request.

Although only established in the Fall of 1940, the assets of National Securities Series now exceed $26,000,000. The recent annual report to shareholders of National Securities Series has received the "Merit Award" citation by the "Financial World" in its Annual Survey of Stockholder Annual Reports.

Would Create Federal Scientific Agency

Following the recommendations of a Senate subcommittee on war mobilization on July 22 that the United States expand its scientific research and development through the Government as well as private organizations, a bill was introduced in the Senate for the purpose of creating a central scientific research Federal agency, to be known as the National Science Foundation, a special dispatch from Washington to New York "Times" stated, July 23.

Proposed by Senators Kilgore of West Virginia, Pepper of Florida and Johnson of Colorado, all Democrats, the legislation, according to the "Times," would have these specifically declared purposes:

"To provide for an increase above pre-war levels in the Government's support of research and development in fields that are predominantly in the public interest, particularly national defense, health and medical science and the basic sciences.

"To provide for an efficient coordination of Government-supported research activities.

"To stimulate a general expansion in research by private organization and institutions.

"To promote a wider flow of scientific and technical information which may be useful to industry and agriculture and business, particularly small enterprises.

"To encourage a rapid introduction and full use of scientific discoveries and the most advanced technique and inventions.

"To encourage the training of new scientific talent through a system of research fellowship and scholarships."

Senator Kilgore pointed out that a number of bills intended to improve post-war research already were pending, adding that he would propose joint hearings before the Senate Military Affairs Committee so that all could be compared and some agreement reached.

"Discussing the specific point or research for the national defense, Senator Johnson asserted that the Kilgore-Pepper-Johnson bill was better than some of the others because they sought to build a "fence around research," and isolate it from other scientific developments. He expressed the belief that after the war "we must have thousands of jet-plane fliers and jet-plane researchers to grasp this new principle of propulsion in all its phases and develop it."

"Senator Pepper stressed the aid to medical research proposed in the bill, saying that here, too, the country had often been dependent on German "secrets." A committee of nine would be formed to carry on after the war the functions of the present committee on medical research of the office of scientific research and development.

"Mr. Pepper asserted that while money was "desperately needed" for improving medical research, almost more than that, security and long-term incentives and organization are needed for men and women working in this field."

"Many philanthropic organizations, he added, because of their limited funds had been able to give only short-term grants and "bare subsistence salaries or fellowships."

Reference was made in our July 26 issue, page 437, to a proposal by Dr. Vannevar Bush for the establishment of a National Research Foundation by Congress for the purpose of promoting a national policy for scientific research and scientific education.

Harry Newton in Denver

DENVER, COLO.—Harry J. Newton is engaging in an investment business from offices in the Cooper Building.

The South's Great Future

DEAN PAUL W. CHAPMAN, of the University of Georgia, is a close student of Southern and national trends. His article in *Sales Management*, extracts from which appear on this page today, predicts a great future for the South after the war.

* * *

More and more people are making similar forecasts.

* * *

—Editorial from
RICHMOND (VA.) TIMES-DISPATCH

UP AND DOWN THE COAST LINE

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ATHENS, Ga.—Paul W. Chapman, dean of the College of Agriculture, University of Georgia, is author of an article in the magazine Sales Management in which he foresees vast postwar marketing expansion in the South.

* * *

In the article, entitled, "New Marketing Opportunities I see Developing in the South," Dean Chapman outlines 10 reasons why he thinks the South will lead the nation in the postwar upsurge to business, agricultural and industrial prosperity. They are:

1. More paved roads.
2. More airports and planes.
3. More rural electrification.
4. More refrigeration.
5. Increased use of power and machinery.
6. Increased need for farm buildings and equipment.
7. Larger farms.
8. Livestock expansion.
9. Marketing supplies and equipment.
10. Small industry equipment.

* * *

"The back of the old-time, one-crop, tenant-sharecropper system of farming has been broken," he writes. "Progress has been very great during the past 10 years. It will go forward much more rapidly in the future. With anything like full-scale employment in the United States as a whole, the rate of economic advancement (in the South) will be phenomenal, even under adverse business conditions . . . "

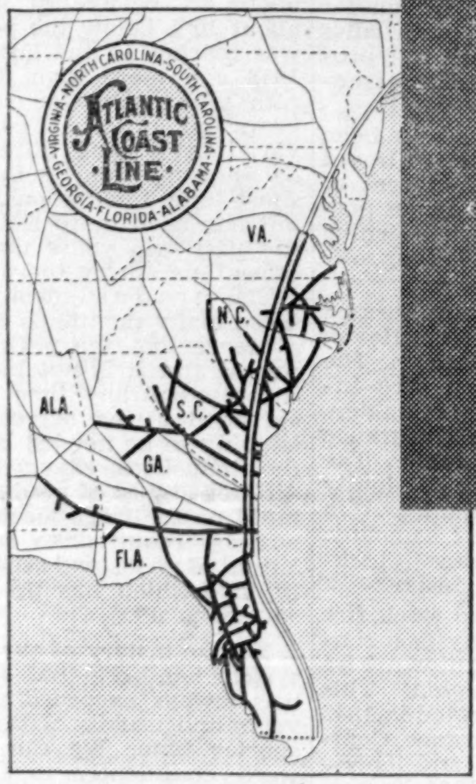
* * *

As to potential Southern purchasing power, Chapman cited the fact that the Federal Reserve Bank of Atlanta has issued more new money—in relation to previous issues—than any bank in the entire Federal Reserve System since 1940; and the Federal Reserve Bank at Richmond stood second.

* * *

The Georgia agricultural expert listed the following industries as leading the way to a record era of Southern marketing expansion and general economic prosperity following the war:

Box factories, handle factories, post treating plants, mill-work plants, excelsior plants, naval stores, grist mills, paper mills, rayon plants, seafood canneries, feed mills, glass factories, potteries, hatcheries, brickyards, cement-block plants, quarries, rug making, farm tool plants and tanneries.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Bank and Insurance Stocks

This Week — Insurance Stocks

By E. A. VAN DEUSEN

Last week this column discussed century old commercial banks in America. This week century old fire insurance companies will be considered.

Oldest of the stock fire insurance companies is Insurance Company of North America. It was organized in Philadelphia's Independence Hall in 1792, began immediately to write policies and was formally granted a charter by the Legislature of Pennsylvania in 1794. Second oldest stock fire company is The Insurance Company of the State of Pennsylvania which began business Nov. 5, 1794. This is a relatively small company, however, and is under the same management as the Globe & Rutgers Fire Insurance Company.

Oldest of the New England stock companies, and third oldest in the country, is Providence Washington Insurance Company. The Providence Insurance Company was organized in 1799 and the Washington Insurance Company in 1800. They combined as Providence Washington in 1817.

Hartford Fire Insurance Company is the oldest of the Connecticut companies, and fifth oldest in the United States, having been established in the year 1810. Second oldest of the Connecticut group is Aetna, founded in 1819 in Hartford, Conn., by Joseph Morgan, grandfather of the late J. P. Morgan, Senior. A third Connecticut company to have passed the century mark is Security Insurance Company of New Haven. However, it was originally chartered as the Mutual Security Insurance Company in 1841. It became a stock company and adopted its present name in 1873.

During the first two decades of the nineteenth century four other stock companies were organized in the United States, in addition to Hartford and Aetna already noted. These were: Eagle Fire Company of New York, Albany Insurance Company, Newark Fire Insurance Company, and Fire Association of Philadelphia. Eagle Fire was founded in 1806 and is the oldest New York State insurance company; second oldest New York company is Albany Insurance which was incorporated in 1811. Oldest of the New Jersey companies is Newark Fire, which also was founded in the year 1811. Fire Association of Philadelphia began business in 1817 as a mutual association entitled "The Trustees of the Fire Association," but in addition to insuring against loss by fire it also functioned as a fire fighting organization. This dual role of fire fighting and fire insurance was maintained until 1871, in which year a paid fire department was organized by the City of Philadelphia. The organization became incorporated in 1820 and adopted its present name in 1833.

During the next 20 years, from 1820 to 1840, at least 12 new stock fire companies started in business. In 1822 North River Insurance Company was organized; two years later another member of the present Crum & Forster group started business, viz: United States Fire Insurance Company. In 1825 The Pennsylvania Fire Insurance Company of Philadelphia was established; this was followed in 1829 by another Philadelphia company, The Franklin Fire Insurance Company of Philadelphia, named after that illustrious patron saint of thrift and conservation, Benjamin Franklin.

In 1831 The Potomac Insurance Company of the District of Columbia of Washington, D. C., was chartered by a special act of Congress. Until 1899 it operated only in the District of Columbia. The year 1832 saw four new stock fire companies launched on their careers, as follows: County Fire Insurance Company, under a perpetual Pennsylvania charter as the Fire Insurance Company of the County of Philadelphia; New Brunswick Fire Insurance Company of New Brunswick, N. J.; New York Fire Insurance Company of New York and Virginia Fire and Marine Insurance Company of Richmond, Virginia.

In 1836 the Richmond Insurance Company of New York started business in Staten Island as the Richmond County Mutual Insurance Company; in 1907 it was reincorporated as a stock company. The year 1837 saw Firemen's Insurance Company of Washington, D. C., chartered by Congress to write business in the District of Columbia; in 1911 its charter was amended to permit business being written outside the District. Today it is licensed in four states and the District of Columbia. In the same year Westchester Fire Insurance Company of New York was organized as the Westchester County Mutual Insurance Company; in 1870 it was reorganized as a joint stock company under its present name.

Three companies were formed in 1841. Security of New Haven has already been considered. The other two are: Camden Fire Insurance Association of Camden, N. J., and Reliance Insurance Company of Philadelphia. The Camden company was originally incorporated as a mutual, but in 1870 it became a stock company, policyholders becoming stockholders on a pro rata basis.

The last name in the stock fire insurance list to qualify as a centenarian is the Germantown Fire Insurance of Philadelphia. This company was incorporated in 1843 as "Mutual Fire Insurance Company of Germantown and its Vicinity." On June 21, 1944 its policyholders approved its conversion to a stock company with a paid up capital of $1.000,000 and the present name "Germantown Fire Insurance Company."

According to the record, the United States today has 25 stock fire insurance companies in operation whose historical origin goes back into the history of our country more than a century.

Business Activity Maintained At a High Level

(Continued from page 517)

rockets, jet planes, and similar new weapons. The production of ammunition is scheduled to rise steadily and by the end of the year be 12% higher. All these mean continued large factory output.

Freeing Business for Expansion

Accompanying the changes in war production are the energetic efforts to facilitate the resumption of civilian goods production just as rapidly as factory equipment can be installed and labor as well as materials made available. Significant steps are being taken constantly to remove governmental control which would prevent expansion. Quotas for the production of passenger automobiles have been set at fairly substantial levels and may be raised even higher if present favorable trends continue. Before many months, output may be approaching prewar levels and predictions are being made that passenger car rationing may be ended by January. The War Production Board is now considering a request by the automobile industry to authorize a factory expansion program amounting to many millions.

Prospects are becoming more favorable for a marked relaxation or abandonment of the complex system of materials control by October 1. Production of many raw materials and partly finished goods has expanded so much that supplies of most of them are being more nearly adequate for all needs. Industry may be subject to only a simple priority system for a three-month period, with rules designed to protect such war production as is still rated as essential.

Other materials curbs have been eased. The War Production Board has granted to manufacturers of machinery and diesel engines permission to use materials which were originally scheduled for military contracts. They may use the materials for the production of civilian commodities whenever war contracts are terminated or cancelled. The Board has also eased its "freeze" orders on plants for certain types of sheet and strip steel. Mills are authorized to reopen their order books to small manufacturers who have low allotment ratings. The authorization is now for the entire current quarter and may be continued later.

Even the petroleum industry which produces one of the most critical items for war is being relieved of some wartime restrictions. The Petroleum Administration for War now permits the construction of certain refining, transportation, natural gasoline, and special production facilities which will be needed for peacetime output of petroleum products.

These modifications of wartime controls on business are typical of many others that are being made as soon as conditions justify. A substantial percentage of the limitation orders of the War Production Board have been removed or greatly modified. Materials and labor are still short in many places but the trend toward greater civilian output is expected to become more marked each week during the next few months.

Production 4% Below Last Year

Factories are still turning out goods in large volume and total industrial output currently is about 4% below last year. It is about 10% below the peak which was reached in the latter part of 1943 and more than double the rate when the war started six years ago. In spite of considerable variations among different lines of industry and some market short-time fluctuations, the output has been more stable during the past two years than at any other time during the war period.

The gradual decline during those many months is convincing evidence that the peak has been passed and it is not likely to be surpassed at any time soon. An extended period of readjustment is going to be needed both to get the industries changed over to different types of products and to build up the large markets which will be required to support an output of goods and services equal to that which has prevailed for several years.

Yet the history of our industrial system has been that every peak was always exceeded within ten years and usually within a much shorter time. We can look forward confidently to the future even though many serious obstacles and difficulties must be overcome before new records can be made. The period of readjustment may extend over a fairly long period and involve considerable slackening in employment as well as in production. Output is certain to remain large even in the face of these difficulties and in many lines will be but moderately lower than the high totals of last year. In some lines output may be greater.

Business Volume Is Up 16%

While industrial production has been gradually slowing down from the peak, the volume of business as measured by financial transactions has been holding steady and in some weeks rising. It is 16% higher than it was a year ago and over three times the rate when the war started. The rise is indicated by the much larger bank clearings and the checks being cashed, as well as by the larger amounts of currency in circulation. The quantity of money has increased 20% during the last 12 months. Probably not all of it is being used, but a substantial part of the increase represents more buying and selling than ever before.

This divergence between factory output of goods and the dollar volume of business is nearly always characteristic of a period of business expansion which has continued for a long time. It has usually in the past been followed by a period of declining business until a proper balance can be restored among prices, production, costs, and markets. No great decline is likely now, however, as long as war expenditures and the demand for goods of all kinds remain large.

Higher prices account for only a part of the present rise in business volume and for almost none of it during the past year while the price level has been quite stable. More significant have been the increased rates of spending by consumers and by Government, the faster turnover of bank deposits, the greater emphasis on services rather than on goods, and a considerable amount of speculative buying. This trend may continue for some time yet and may later have undesirable results, but at present it means that many people will be more prosperous and have more money to spend. It makes for increased demand and larger markets in many lines of business. The longer it is continued the more extensive the later readjustments are likely to be.

New Business Problems

While factories are turning out large quantities of war supplies and the major attention of businessmen must still be concentrated on keeping output as high as needed, the new problems connected with reconversion are

Quarterly Comparison and Analysis

19 New York Bank Stocks
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being given greater consideration. For many plants the time for final reconversion cannot yet be definitely set, but whether it comes soon or is deferred for many months it is definitely coming nearer. Businessmen realize that at some future date they will no longer have the Government as a customer, able and willing to buy over $70,000,000,000 worth of goods and service each year as it is now doing.

Many problems arise in making the change and in finding consumer markets even partly as large as the one they now have. The problems will be most difficult in marketing and distribution where new sales organizations must be built up and trained to sell the goods that the enlarged and expanded factories can turn out. They will also be difficult in the fields of costs for hourly wage rates have risen, probably even more than has labor productivity. The tax load on business is heavy and will remain so even if some of the very high rates are reduced.

Temporary problems may be as difficult as the long-range ones. Many war contracts will be cancelled which are only partly completed and new ones will not replace those which are finished. Any abrupt termination of these contracts reduces employment for a time unless much advance planning has been done to provide for the payments of costs which have already been incurred and for shifting quickly to other forms of production.

Large quantities of surplus materials and equipment are now on hand and even larger amounts will be on hand when military operations stop. Much of this material is made up of items that cannot be used in the Pacific War. A considerable part of it may not be suitable even for civilian use but some of it will be serviceable. The disposal of it will involve competition with business which wants to produce and sell similar goods to consumers. In some lines as in certain kinds of machine tools the situation is particularly serious and surplus items now on hand equal several years' normal production of those items.

Many war plants have been built which must be disposed of in some way that will not disturb established businesses nor provide excessive competition in the output of goods for a restricted market. Some of these plants will not be suitable for producing civilian goods and others will be needed to continue the production of military supplies for the permanent armed forces. The remainder, however, will constitute a difficult problem which every businessman will need to consider in his planning for the future. The situation with regard to markets as well as in productive capacity will be much different than it was before the war.

In the field of larger economic relations with other nations the approval of the monetary proposals worked out at Bretton Woods last year may help in stabilizing the different national currencies and provide the capital for rebuilding world trade. Because of the many conflicting interests, progress in this direction is likely to be slow, but something can be accomplished to help maintain maximum production in the postwar period. These are long-range policies which are significant, although the immediate trends will be determined mostly by other factors.

New Orders Decline

Some indications as to the immediate future trend of industrial production are given by the value of new orders received by manufacturers and the amounts of unfilled orders on hand. The recent trend has been downward and in most lines the backlog of orders is smaller than it was a year ago. New orders received last month were 15% lower than in the preceding month, and further declines are indicated by the most recent preliminary reports. The decline has been somewhat greater in the durable goods lines than in the nondurable goods one. That trend may soon be reversed, however, but the increase in the production of civilian goods is likely to be greatest in the durable goods lines, such as automobiles, refrigerators, washing machines, and electric appliances of many kinds.

Trends in Leading Lines

Current trends in several lines show clearly the importance of considering what is taking place in each industry as well as the changes in the general average of all industries. While total production is holding quite stable with only gradual declines, activity in some fields has moved in the opposite direction.

The rise in building construction this year has been significant. After declining since June, 1942, the construction industry has turned upward and contracts awarded in recent weeks have been 50% greater than in the corresponding periods a year ago. The biggest increases have been in private building, especially residential. Activity is only one fourth the peak rate, however, and further expansion will be relatively slow during the next few months. Many kinds of building materials, especially lumber, are very scarce. Labor is still needed elsewhere in many parts of the country. For these reasons, some restrictions on building are likely to be continued until the situation changes. When conditions are favorable again, a considerable spurt in building will take place as the deferred demand for new housing is very large.

The petroleum industry is another line in which output is increasing and it is at a new peak, with the average daily output nearly 5,000,000 barrels. Refinery operations are keeping pace with the production of crude oil and will continue high because civilian demand as well as war demand is large. The industry is planning much new construction to meet the postwar needs for petroleum products.

Another field in which activity is lagging is the textile industry. Here the major factor is the shortage of workers, as many of them are working in the higher paid war industries. Cotton consumption by mills has been running almost 10% below last year and not much improvement is expected during the next few months. This reduced rate is considerably above the average during the prewar years, but is is hardly sufficient to meet the demand from both the military and civilians. In other branches of the textile industry, output is holding up well. Production of rayon is higher than it was last year.

The steel industry is operating at around 90% of capacity, with a weekly output of around 1,650,000 tons. Current production is about 5% below the high level of a year ago.

Many of the variations in individual lines are offset by opposite trends in other lines and hence do not change the general average. They do, however, affect many businesses and require quick shifts in order to meet rapidly changing conditions. They also show how much the business trends are being determined, not so much by normal economic forces, but by Government policies. The businessman who most successfully manages his business under present conditions will be the one who understands not only economics but also the effect of many other facts than the usual economic ones.

Agricultural Prospects Are Promising

The achievements of industry in keeping production high to meet war needs have been matched by agriculture even though the percentage expansionn in farm output has not been nearly so great as that of factories. According to latest estimates, total crop production this year will be around 20% greater than the average of the preceding ten years. If weather conditions become more favorable, the crops may be not far below the bumper ones of 1942 and 1944.

Farmers will harvest crops from about 350,000,000 acres which is the second largest since 1932 when about 362,000,000 were harvested. The greatest increases this year have been in wheat, tobacco, sugar beets, and sugar cane. The wheat crop may set a new record with production of both winter and spring wheat totaling 1,129,000,000 bushels. That amount is a little higher than the record crop of last year and will supplement a carryover from the preceding crop which was much above average. Total supplies of wheat will be large enough to supply all domestic needs for food, for shipment abroad and for feeding to livestock if the corn crop should be less than normal.

Several other farm crops will come close to making new records this year. The oats crop may be the largest in 25 years. The tonnage of truck crops for market may exceed last year's record. Production of corn is estimated at 2,700,000,000 which is 500,000,000 below last year but considerable above average. Weather conditions this month as well as the date of the first killing frosts will increase or reduce the yield. The output of hay is expected to be very close to the record amount produced last year and bring the total feed supplies very closely in line with the number of livestock on farms.

The cotton crop is expected to be small and probably below domestic and export requirements. Early estimates indicate a yield of a little over 10,000,000 bales as compared with the 1944 crop of 11,800,000. The consumption of cotton by domestic mills will be about 9,500,000 bales and exports may total over 2,000,000. The carryover from former crops is very large, however, and total supplies will be adequate.

Demand for Goods Is Large

To interpret present changes in business conditions and to ascertain the future course, the size and nature of the demand for goods need to be carefully considered. When buyers are eager to buy and have adequate purchasing power, their demand will maintain production and keep up business activity.

At present nearly every class of buyer has more money to spend than ever before. The most general indicator of purchasing power is that of national income, which consists largely of wages and salaries paid to individuals. These payments are now close to $13,000,000,000 monthly, an increase of about 5% during the last year. Payments are more than double those figures during the prewar years but the increases in recent months have been much less than they were previously.

Factory payrolls have increased much more than most other classes of income. They have also kept up better than has production. They are more than three times the prewar average but a little lower than they were a year ago. Average weekly earnings of factory workers have increased 50% during the last four years.

Farmers constitute another major section of the market for goods. Their income is becoming more stable at an annual rate of about $20,000,000,000. The purchasing power of the farmers will be far higher than normal for an indefinite period.

Government spending for war is being maintained at over $7,000,000,000 monthly, but some reductions are likely before the end of the year. Any sharp decline in this spending will temporarily affect employment and civilian purchasing power.

Shipments abroad are holding up well but export trade during the first part of the year has been somewhat below that of a year ago. It was several times greater than in the prewar years and the future trend of trade abroad will be an important factor in determining business conditions in this country.

A result of this large purchasing power among many classes of buyers is that retail sales are holding up much better than production. They are now running about 17% higher than a year ago, with increases in some lines and classes of stores even greater. Store inventories are being maintained and are sufficient to keep retail trade at a high level. Prospects are favorable for an indefinite period.

Willard, Pfeffer and Lunt IBA Governors

Frank A. Willard of Reynolds & Co.; Delmont K. Pfeffer of National City Bank, and Samuel D. Lunt of Hamlin & Lunt, Buffalo, have been elected governors of the Investment Bankers Association of America to serve for three years.

MINNESOTA HUSKY

THE MINNESOTA HUSKY
DEPENDS ON hallicrafters

● There is only one "Minnesota Husky"... the one here pictured, but once wartime restrictions are removed, her sisters will be found operating upon inland waterways all over the world.

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The future of marine radio telephone has been assured by the FCC's recent allocation of a portion of the radio spectrum to this important service. For innumerable industries improved radio communications will mean tremendous economies in time and money. And for Hallicrafters, the long established and recognized leaders in this field, it will mean ever expanding markets.

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Mutual Funds

Outstanding Growth

During the first half of 1945 net assets of **Group Securities, Inc.**, increase to $63,333,775—a gain of 55%. Net assets of this company have considerably more than doubled in the 12 months ended June 30, 1945.

In a letter accompanying the semi-annual report, the sponsor, **Distributors Group** states:

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"During this period approximately 400 investment dealers in 38 states sold over $26,000,000 of Group Securities—an amount equal to last year's total sales. This is the fourth consecutive year in which dealer sales have run at double the rate of the preceding year."

New Format

Lord, Abbett has issued a complete set of sales folders on the five **Union Trusteed Funds, American Business Shares** and **Affiliated Fund** in a new pocket-size kit which devotes one page to each folder. This is a handsome job and certainly well designed for easy presentation by the salesman.

* * *

In a recent issue of Abstracts, Walter Scott announces the "Lord, Abbett A-B-C Investment Programs," each designed to provide a dividend check every month in the year. These programs include three distinct types. One is labeled "aggressive" and is based primarily on common stocks. Another is designated as "balanced" and is divided equally between stocks and bonds. The third, a "conservative" combination, is based primarily on bonds.

The latest issue of Abstracts gives a comparison of American Business Shares' market performance with the Dow-Jones Industrials and Dow-Jones Composite Averages. For the four-year period from June 30, 1941 to June 30, 1945, except for 1942 "when the management's change-over from a policy of caution to one of optimism could not be timed as exactly nor executed as quickly as the turn-about in the Averages," American Business Shares did better than the Dow-Jones Averages. For the full four-year period the record is as follows:

	6/30/41- 6/30/45
American Business Shares	+71.6%
Dow-Jones Industrials --	+34.2%
Dow-Jones Composite --	+54.3%

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INVESTORS SYNDICATE
Minneapolis, Minnesota

Incorporated Investors

In the quarter ended June 30 total net assets of **Incorporated Investors** increased from $62,305,804 to $73,723,428. This excellent showing was due in part to an increase in shares outstanding from 2,505,844 to 2,561,646. However, the major portion of the gain resulted from an increase in the market value of assets held.

This fact is emphasized by William A. Parker, President, in his letter to stockholders which quotes from a recent issue of Barron's Weekly showing that during the 5½ year period ended June 30, 1945, of 33 investment companies compared, "Incorporated Investors showed the largest gain with an increase in net asset value per share of 108%. Securing capital gains has been an important objective of the management of this investment company and thus was of material assistance in making this showing."

George Putnam Fund

Net assets of **George Putnam Fund** increased to approximately $13,904,000 on June 30, 1945, as compared with $12,350,000 three months ago. Number of shares outstanding rose from 816,347 to 872,529. On June 30 investments had a current market value of approximately $2,238,000 in excess of cost.

The report of the Trustees discusses the dividend policy of this fund under the caption "A Steady Living Return." It has been the practice of the Trustees to supplement the regular income of the fund with distributions from realized gains or surplus. The dividend policy "looks toward reasonably steady annual payments" and the Trustees express the conviction that the fund will continue to pay a reasonable return on the money invested in it.

Innovation

Hugh W. Long & Company's current issue of The New York Letter, in addition to the usual comments on developments in industry and in the securities markets, contains a welcome innovation. The industries whose prospects appear most attractive to the management for current employment of funds are listed. They are building, metals, rail, rail equipment and steel.

Good for Business

National Securities & Research Corp. devotes the current issue of Investment Timing to a discussion of the new Secretary of the Treasury. "All in all," states this service, "the appointment should make for more businesslike administration and better relations with Congress, though business firms may be more pleased with the change than individuals." . . . The intermediate trend of stock prices as seen by Investment Timing is regarded to be still downward.

Mutual Fund Literature

National Securities & Research Corp.—Revised prospectus on **First Mutual Trust Fund** dated July 18, 1945. . . . **Keystone Corp.**—Current issue of **Keynotes**; folder showing security market performance for the six months ended June 30, 1945. . . . **Walter L. Morgan & Co.**—A memorandum on **Wellington Fund**, "The Outlook for Commodity Prices." . . . **Selected Investments Co.**—Memorandum on **Selected American Shares**, "Purchasing Power of Trust Investments"; current issue of "These Things Seemed Important." . . . **Distributors Group**—Current issues of Aviation News and Railroad Equipment News. . . . **Lord, Abbett**—Current Investment Bulletin on **Affiliated Fund** and **Union Common Stock Fund.**

OUR REPORTER'S REPORT

Ordinarily July is the big vacation period in the underwriting business and most firms make it a point to get their key men away then in order to have them back on the job and fresh when the pick-up begins in August as it usually does.

But the war has changed many things in recent years and on this particular occasion, the Treasury's huge Seventh War Loan served to bring about a shift in the habits of investment bankers as concerns their resting up period.

This time there is every indication that the current month will fall heir to the slowdown which normally is characteristic of the new issue market in July. The vast amount of business which piled up during late May and through June when the industry was working all out for the Treasury's big drive, made July the biggest month of the year, by far in point of total amount of new issues handled.

Rough calculations put the aggregate of new financing brought to market last month well above the billion dollar mark. Practically everything in the way of projected refinancing which was in the cards, part of it expected to hold over until this month, went through.

Now there is little in sight before we round out the summer with the passing of Labor Day. And, accordingly, those bankers and their staffs who had to forego a holiday in July are now busily packing for a fortnight away from the desk. The exodus is substantial as can be ascertained from an effort to reach some of the regulars who have taken off for a spell.

Southern Bell a "Quickie"

Marketing of the Southern Bell Telephone Co.'s $45,000,000 of 2¾% 40-year debentures made it plain once again that size dictates pretty much the number of syndicates which will be in the field for a given issue.

DIVIDEND NOTICE
NEW YORK STOCKS, INC.

The following distributions have been declared on the Special Stock of the Company, payable August 25, 1945 to stockholders of record as of the close of business August 3, 1945.

	Regular	Extra	Total
Agricultural Series	$.07	$.10	$.17
Alcohol & Dist. Series	.11	.00	.11
Automobile Series	.06	.00	.06
Aviation Series	.10	.00	.10
Bank Stock Series	.06	.00	.06
Building Supply Series	.05	.00	.05
Business Equip. Series	.10	.00	.10
Chemical Series	.07	.00	.07
Electrical Equip. Series	.07	.00	.07
Food Series	.11	.00	.11
Government Bonds Series	.00	.00	.00
Insurance Stock Series	.08	.00	.08
Machinery Series	.08	.05	.13
Merchandising Series	.09	.10	.19
Metals Series	.05	.00	.05
Oil Series	.10	.20	.30
Public Utility Series	.03	.10	.13
Railroad Series	.07	.15	.22
Railroad Equip. Series	.06	.00	.06
Steel Series	.07	.00	.07
Tobacco Series	.10	.00	.10
Diversified Investment Fund	.19	.00	.19
Diversified Speculative Shares	.05	.00	.05

HUGH W. LONG and COMPANY
Incorporated
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Approximately one-quarter the size of the American Telephone offering of a week ago, Southern Bell's undertaking was large none-the-less as deals are measured.

The same two banking groups competed with Halsey, Stuart & Co., Inc., this time taking the issue, paying 100.5599 for the debentures. Morgan Stanley & Co.'s group offered to pay 99.819. Reoffered at 101⅛ with only a ½ point spread, the issue was disposed of within half an hour and ruled at a fractional premium soon thereafter.

But the offering group consisted of 182 members which assured the ultimate in distribution.

Southern Pacific's Plans

Those who have been looking over the Southern Pacific's refunding picture are wondering whether the company might not find it advisable to set up several series of new bonds rather than attempt to run the whole job through at once.

The refinancing is expected to involve some $125,000,000 of new securities, and in such circles it is pointed out that these enormous deals have been a bit sluggish recently.

The big carrier is expected to call for bids to be opened about the middle of September, thus affording ample time for exercising its right to call the outstanding bonds by Oct. 1 next.

Hitting a Snag

New York State Electric & Gas Corp.'s proposal to float $25,000,000 of new securities to refund certain outstanding debts as part of its recapitalization plan, ran into at least temporary delay in hearings before the Public Service Commission.

The company seeks to sell $10,000,000 of 3% first mortgage bonds and $15,000,000 of cumulative preferred stock. But Commissioner Brewster, directing the proceedings, held that substitution of the preferred stock for bonds would bring the company's debt under the 60% level by only a small margin.

And he held that if the stated value of the common stock were reduced by only some $1,500,000 such margin would be wiped out. He held, therefore that the plan would not accomplish the purpose of actually making the bonds available for savings bank investment, judging by the history of the common stock.

Dangers of War-Time Fiscal Policy

(Continued from first page)

ly been met and such a huge surplus of certain types of material has been accumulated that a reduction in future production may be anticipated. In spite of this, however, in comparison with the expenditures of any pre-war year, the annual expenditures of the immediate future will continue to be enormous.

Who of us has not been told again and again by radio, by mail and by magazine and newspaper advertisements that the government must secure command over sufficient man power and material to prosecute the war to a speedy and glorious victory? This we know; but we have been told little of the impact that the method used to secure this control will have upon our present and future economic life. In fact, the accuracy of the little we have been told may be open to question. Just because statements bear the mark of officialdom does not guarantee their accuracy; they must withstand the scrutiny of straight thinking and sound reasoning.

Economic Consequences

Many of us have wondered, and are still wondering, about the economic consequences, both immediate and future, of the methods used in financing the war. We are interested in these, not as a New Dealer or anti-New Dealer, not as a Republican or Democrat, not as a member of any profession or creed, but as an American citizen interested in the greatest possible welfare of the country. Let us, then, just as an interested American citizen, interested because the consequences must be borne by him, make a little investigation into the effects of the fiscal policy pursued by the federal government over the past few years.

It is needless to repeat that the federal government has piled up a huge indebtedness. Some may not know, however, that this has not entirely accumulated since the increased expenditure for defense and war. The federal indebtedness was about $16 billion in 1930. During World War I the federal indebtedness increased from about $1 billion to about $26 billion of which $15 billion, or more, was extended in credit to our allies, little of which was ever repaid. Most of the decrease of about $10 billion came from treasury surpluses.

In every year since 1930 the federal government has operated at a deficit ranging from half a billion dollars in 1931 to nearly $56 billion in 1943. The accumulation of these deficits places the present indebtedness at well over $250 billion, or a per capita indebtedness of nearly $2,000.

Significance of Debt

So much for the facts. What is their significance? It is in an attempt to answer this question that we must bring to bear past experience, observation and reasoning.

Two hundred and fifty billion dollars is an enormous sum! But enormous in relation to what? An absolute amount may mean very little; its significance begins to appear only when different relationships are portrayed. A man six feet in height is a tall man; but only in relation to a man of average height. He would be short in comparison with a man seven feet tall. Let's not be too critical or complacent with absolute amounts. What may be large to one person or under one condition may be small to another person or under another condition.

One important consideration in regard to borrowing is the relation of the deficit to the total expenditure. If the deficit were but 10% of the expenditure, then the resort to borrowing, whatever the total expenditure, would be negligible; if 75%, then it would be exceedingly important. For the fiscal year 1942-43 the federal government raised less than 30% of its entire revenue from taxation; in both the United Kingdom and Canada taxes provided about 50% of the revenues of the central governments. For this same year, total taxes in the United States took about 24% of the national income while in the United Kingdom and Canada the percentages were 42 and 35 respectively. Not only has the relative emphasis upon taxation been much greater in these two of our allies, but statistics show that the relative increase has been much more marked.

From experience, from observation, and from research the preponderance of opinion of fiscal authorities is that, to the greatest extent possible, a war should be financed from current taxes while borrowing should be used only as a last resort. In other words, the disastrous impact of war financing upon the economy of the moment, as well as upon that of the future, varies directly with the extent of reliance upon borrowing and indirectly with reliance upon taxation. Our fiscal administrators have strayed farther from the weight of authority than have those in Canada and the United Kingdom. Perhaps they are anxious again to prove that "the only thing that history teaches us is that we do not learn from history."

Perverting the Truth

In justification of heavy borrowing we have been told that the preservation of the American way of life will be an asset to future generations; these, therefore, should help pay for the war by redeeming the bonds which we buy. Where can we find any greater perversion of the truth? We fight a war with the energies of men and with guns, planes, ships and munitions in existence **now**; not with those to be found in the future! We **now** are giving these up to war and since we have dedicated them to this end we cannot at the same time use them to provide other satisfactions. To buy a bond does not unload the burden to the future; we cannot buy the bond **and** the radio.

We have been told, too, that people would not be able to stand any heavier taxes. This has been sort of an alibi or weak excuse by those in authority when they have been importuned by the press and fiscal authorities to resort to heavier taxation. Certainly no reasoning can support the alibi.

As noted above, we don't fight a war with money but with men and material. We don't use up money during a war; we have a lot more at the end than at the beginning. The government simply takes services and materials from us with which to fight the war; otherwise we would continue to have them. Taxation and/or borrowing is simply a device by which to accomplish this end. If we can stand to give up what a billion dollars will purchase, it makes little difference in the present burden whether we do it through the purchase of bonds, or through the payment of taxes. It would make little difference in the future burden, either, if the same people who buy the bonds were also taxed to pay them.

What Sacrifices?

We are sure that we have felt the sting of shortages and rationing; that we have been making real sacrifices. Certainly the sales of our retail stores must have experienced a real slump in recent years. Evidence from statistics compiled by the Bureau of Foreign and Domestic Commerce throw some light on such sacrifices and sales.

In 1943 all retail stores of the country sold $62.9 billion worth of goods as against $57.8 billion in 1942 and $55.6 billion in 1941. Of course, prices have increased, but on the basis of the value of the dollar for 1935-1939, the sales were still greater in 1943 than in 1942.

Sales of most durable goods such as automobiles, building materials and home furnishings should and did show some decline, but these were more than offset by the increase in sales of non-durable goods. Of course we buy scarcely any new clothes; nevertheless, we spent $6.3 billion for them in 1943 and only $5.2 billion in 1942. Certainly we patronize eating and drinking places occasionally, but how could we have spent $17.0 billion in them in 1943 and only $15.8 billion in 1942? The need for more bromides may account for the increase from $2.3 billion to $2.7 billion spent for drugs. To know the composition of "general merchandise" might help us to explain the increase from $9.0 billion to $9.9 billion spent for this item.

Honestly, now, have we really sacrificed and suffered unduly through a depleted supply of food, clothing and shelter? Rather, isn't it "truly remarkable with what equanimity we are willing to endure the sacrifices of our neighbor"?

Let's look at the claims for the borrowing program. They are set forth in many places, but we may as well observe the heading of the pamphlet prepared by the Education Section of the Treasury Department to furnish ammunition to solicitors in the Sixth War Loan Drive. Here is the heading: "**War Financing**—For Peace and Prosperity. How War Bonds Help Speed Victory. Check Rising Prices, Insure Post-war Prosperity."

Just why bonds possess any peculiar trait to help speed victory is difficult to comprehend; but let's let that go and look at the anti-inflationary aspects of bonds. All indices on price changes show that we have had a marked rise in prices over the last few years; they are not in agreement, however, on the extent of the rise. It must be remembered, moreover, that prices paid on the black markets do not enter into the calculation of price changes.

Reason for Price Increases

How could we have other than rising prices? The amount of income which the people have received has outrun the amount of goods available for purchase by between $30 billion and $40 billion a year. Little attempt has been made to absorb any of this surplus. If people have surplus funds they are going to spend them; you can't continue to force water into a barrel and not burst the barrel at some point. Have those in authority no responsibility for this surplus of funds in the hands of the people? Let us see what at least one of them says.

In an address before a symposium conducted by the Tax Institute on Feb. 8, 1944, Mr. Marriner S. Eccles stated that it is absolutely essential that further price increases be prevented. He suggested that this be accomplished through increased taxes, wage controls, rationing and price controls. Before the end of his address, however, he proceeded to show to what extent the banks had absorbed government bonds and that such absorption had resulted in a corresponding increase in our money supply.

In the hearings before the Committee on Ways and Means, 1943, evidence presented showed that, on June 30, 1940, the Federal Reserve banks owned $2.5 billion of federal securities while on June 30, 1943, they owned $7.2 billion. The commercial banks owned, on comparable dates, $16.5 billion and $52.1 billion. The total cash assets of the public between these dates increased from $38.7 billion to $71.8 billion, the most marked increase being in bank deposits.

These facts are rather weak proof that borrowing has been anti-inflationary; from any angle the conclusion must be just the opposite. Through the channels of the banking system those in authority have deliberately ex-

(Continued on page 534)

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PUTNAM & CO.

July 31, 1945.

Dangers of War-Time Fiscal Policy

(Continued from page 533)

panded the amount of money available for the purchase of goods. A little thought might indicate the wisdom of preventing the existence of this surplus rather than to try to cure the problems which have arisen from it. Had we but seen the wisdom of the old adage, that an ounce of prevention is worth a pound of cure, and have acted accordingly, then those charged with the administration of rationing could have devoted their attention to priorities and a fair distribution of available goods without being hampered by rising prices and black markets.

Evils of Borrowing

Not only have the evils of excessive borrowing been deliberately ignored, but many unwarranted claims have been made for benefits to be derived from this method of securing funds. On every turn and through medium after medium we are asked to back the boys abroad and show our appreciation for the tremendous sacrifice they are making by buying all the bonds we can, and then an **extra $100 bond.** But what is the final result? The fact is that funds for the payment of interest on the bonds and their redemption can be secured only from the levy of taxes in the future. No suggestion has been made to exempt war veterans from the payment of such taxes. What could be more ungrateful than to say to these boys that, in the future, we expect you to help to pay for the material which is now being furnished to you? To secure funds through borrowing does just that. Once we become aware of this, much of the sales bally-hoo for the purchase of bonds becomes pretty much an empty gesture.

Another reason why we should buy bonds, we are told, is that thereby we are creating a backlog of savings with which to purchase post-war goods, to start or expand business enterprises, to construct a home, or to buy many things which are not now available. Not only will we have this backlog of purchasing power, but the goods which it will command will furnish jobs for our boys when they return.

In a recent address in Los Angeles Mr. Morgenthau pointed out that Series C notes constituted a substantial part of the reserves of corporations for reconversion and post-war development. He went on to say: "It is clearly advantageous not only to the corporations but to the whole economy that these reserves be liquid. The corporations thus know that the **money** [boldface mine] will be available and without loss whenever they need it. When the proper time comes they can proceed at full speed not only with their conversion but with any expansion plans they may have."

Bonds Not Money

But will it be as simple as that? A little scrutiny casts a considerable cloud over this bright picture. The simple fact is that these securities are not money After World War I many sellers were more than willing to accept bonds in exchange for merchandise. Many advertisements stated: "Liberty Bonds Accepted at Par." This was because the interest rate on the bonds was **higher** than the current rate of interest. We need to expect no such advertisements following this war; in fact, considering the low rate of interest which they bear, one wonders who will accept federal securities for anything. To redeem them in legal tender currency, or to make them legal tender, is the only way to make them acceptable. Such currency can be secured only through taxation or a further extension of credit. These billions of dollars of demand liabilities can be the source of considerable embarrassment since, after the war, we will be anxious neither to be taxed nor to extend additional credit to the government.

The most invidious claim for public borrowing is that, not only does it place no burden upon the people but, as stated in the literature from the Treasury, it creates prosperity. The statements and practices of the Administration, once it got under way, differ materially from the following statement of one qualified to speak for the Administration: "If the nation is living within its income, its credit is good. If, in some crisis, it lives beyond its income for a year or so, it can usually borrow temporarily at reasonable rates. But if, like a spendthrift, it throws discretion to the winds and is willing to make no sacrifice in spending; if it extends its taxing to the limit of the people's power to pay and continues to pile up deficits, then it is on the road to bankruptcy."

The almost overnight shift from this logical and defensible position to the one that a public debt is no burden, and that its size is of little consequence, is difficult to understand. The application of the borrowing and "pump priming" philosophies began in the early years of the depression and has continued to the present. It seems the pump still needs repair; but to turn attention to this as an alternative to continuous priming has been given no serious consideration.

Economic Legerdemain

The administration has acted upon the stated policy that a debt of any magnitude can be supported through the functioning of an economic legerdemain by which a social income of any desired size can be pulled from the hat of the credit structure. What a lack of understanding of economic verities! We are presumed to eat and wear pounds and gallons and yards; the things which these measure are of no significance. We increase our income four-fold by calling a quart a gallon; twelve-fold by calling an inch a foot; and sixteen-fold by calling an ounce a pound. It would be a bit perplexing to most of us to observe that we are wasting away because of a diminished food supply and that our clothes are becoming thread-bare, yet the statistics prove to us that we have an enormous increase in wealth and income.

As if, however, we need some assurance that the present enormous debt should cause us to worry, Mr. Ickes twits us for having shown any concern over it. Why, he insists, the size of the debt is a mere pigmy in comparison to our national wealth of $12,023,000,000,000! A chance to inspect the work-sheets by which he arrived at this total would indeed be enlightening; what an insight into the future they should reveal!

Production Creates Real Wealth

Many of those in high places speak glibly of juggling the social income to accomplish some end. The fact is that the only increase in the social income which amounts to a tinker's damn is an increase in pounds, gallons, bushels, yards and hours of service; whether we measure these by $100 or $200, in feet or yards, in quarts or gallons, is of little significance. A real increase can come only from an incentive to work and the maintenance of an economy in which work is productive and in which the return from work is secure. It cannot come from any artificial manipulation. It is time that every intelligent American register disapproval at having his intelligence continually insulted by such economic frauds as he is asked to accept and sponsor.

We have been assured by a spokesman for the Administration, moreover, that since the debt is an internal one it creates no burden; we owe the debt to ourselves and it is therefore merely a matter of bookkeeping. He said: "Our national debt, after all, is an internal debt owed not only by the nation but to the nation. If our children have to pay interest on it, they will pay that interest to themselves."

Here we have the simple millenium in fiscal affairs—a burdenless method of finance. It is so simple that any intelligent person must wonder if there must not be a "catch" in it somewhere. To follow the contention to its logical conclusion exposes its absurdity. If a debt is burdenless since we owe it to ourselves then, by the same token, since we pay taxes to ourselves, they likewise entail no burden. To borrow, then, is just surplus and wasted effort. If through some error, borrowing has occurred, outright repudiation would be the most logical method of procedure since, after all, this would but be cancelling a debt which we owe to ourselves.

The Big "Catch"

The big "Catch" in the above position is that the "ourselves" to whom the government owes the debt is composed of more than 130,000,000 individuals, divided into all sorts of classes, and upon whom the economic consequences of the debt fall very differently. Even if we pay no more than the interest, this charge can scarcely be less than $5,000,000,000 a year—a sum considerably more than the entire federal expenditures in 1930.

Upon whom shall the taxes be levied to secure funds to pay the interest and the principal, too, once we begin to reduce the indebtedness? The diversity of ownership of bonds changes following the emergency and, to secure revenue to make payments, the tax system may be easily manipulated to favor one social class at the expense of another. Certainly the purchasers of the bonds do not expect taxes for interest and redemption to be levied upon them in proportion to their holdings of bonds. Suppose, in fine print, each bond carried the notation that "principal and interest on this bond will be paid from taxes levied upon the holder of the bond." In this case a tax receipt would be preferable to the bond. But why have we not been truthfully informed that taxes will be levied for this purpose? Why have we not been told that "after the war, if you have anything to tax, we will take as much of it as necessary to pay the interest and principal on bonds; if you own some, you will get some of it back; if you don't, we will pay it to some one else?"

It must be evident that to borrow does not eliminate the problem of taxation any more than installment buying eliminates the payment for purchases: it merely postpones and intensifies it. It intensifies it because people do not understand why they must continue to pay "war" taxes after the war has passed. It intensifies it because of the antipathy aroused when one class is taxed to pay interest and principal upon bonds held by another class. In fact the real crux of the problem of public borrowing exists in the formulation of a tax structure to finance debt services.

Fiscal Confidence Impaired

The emphasis which has been placed upon these obviously indefensible aspects of public borrowing tends **a priori** to shake one's confidence in any fiscal proposal which originates from the same source. "The truth itself is not believed from one who often has deceived."

"In time of war prepare for peace" has special significance to the fiscal policy because its influence will be felt in our economy far beyond the end of hostilities. The Treasury seems proud of the fact that "we have financed this war at an average rate of slightly less than 1¾%. This compares with an average rate of about 4¼% on the securities issued to finance the last World War." In fact, it is even better (or worse) than this since the income from present issues is subject to much higher taxes than was that from bonds of World War I. What does this extremely low rate of interest augur for our future economy?

Perhaps the Treasury assumes too much credit for inaugurating the low rate of interest. The fact is that, for the last ten or more years, the current rate of interest has been extremely low. This has influenced the rate at which the government could borrow rather than any policy of the Treasury. In borrowing for every other war in which we have engaged the current rate of interest was abnormally high. After the war there was a tendency for this rate to decrease; a fact which enhanced the position of government bonds in the market.

Post-war Interest Rates?

What may we expect of the current rate of interest after this war? While predictions are dangerous, we would naturally expect it to increase towards what has been recognized as the normal rate. The rate of interest is determined by the relation between the amount people are willing to save in comparison with the demand for funds. It is an established price determined by the supply of funds in relation to demand for them just as the price of corn is determined by the same process.

Never in previous years of a normal developing economy has a rate of interest of 2% supplied an amount of funds adequate for the demand. We have no reason to assume this will be true after the war. Neither have we any reason to assume that a rate of interest determined by pressure and by an appeal to patriotism will continue to prevail after the emergency has passed. What then may we expect if the market rate of interest begins to rise and reaches perhaps 4 per cent?

Every one knows that the par value of a security is of little moment; the important factor in determining its value is its rate of return in relation to the market rate of return. A $100 security bringing a return of $2 will sell at par if the market rate of return is 2 per cent, but for only $50 if the market rate is 4%. In general, the value of fixed income producing investments will vary inversely with the market rate of interest. It will take an investment of only $1,000 at 4% to produce an income of $40 but $2,000 at 2%. Conversely, an income of $40 will represent a value of $1,000 when the market rate of interest is 4%, but one of $2,000 when the rate is 2%. In other words, we capitalize the income at the market rate of interest to arrive at the value of income producing property.

Banks, insurance companies and other institutions have invested billions of dollars in government bonds payable in the distant future. With an increase in the market rate of interest the value of the assets represented by these bonds will begin to fall. The mere fact, moreover, that the banks have invested so heavily in these bonds lessens their ability to extend credit to individuals who may want to borrow for business expansion. It is not difficult to foresee that, as the bonds held by the banks begin to shrink in value as the market rate of interest increases, the safety of the entire banking structure, as well as that of other business organizations, may be imperiled. This may indeed be more significant than the great stock pile of liquid assets to which the Treasury has pointed with pride.

A Dangerous Course

Some, indeed, have sensed this danger and have suggested that the government and/or the banks freeze the rate of interest at or near 2%. To do this would disrupt values which have remained relatively stable over the years because the rate of interest has remained relatively stable. Productive real estate has had a value determined largely by the capitalized income. The same has been true of bonds, mortgages and shares of stock. The reason these values have not greatly increased with the prevailing low rate of interest is because such a rate has been considered a temporary phenomenon. The minute we become convinced that the rate of interest is going to remain at 2%, just then will income producing property go through a process of revaluation. Try to visualize the disruption on the organized exchanges; try to calculate the impact upon labor and industry; toss a pebble in a lake and try to calculate the effect upon the different particles of water! Parenthetically, a long while ago, to charge or take interest was made illegal; those who think black markets developed with the NRA or OPA should investigate what happened then.

Not every one seems to believe that the bulwark of a stable post-war economy will rest in vigorous and prosperous private enterprise. Intentionally they would use the devices of the war economy to strengthen the hold of the government upon our post-war economy. Note what the spokesman for the Treasury says in his literature to stimulate bond sales: ". . . we have revolutionized public opinion as to what are fair rates for government war borrowing! **I believe that this revolution in opinion has a sound basis in underlying economic realities and is applicable to the coming times of peace also. I hope that the policies of government will be directed to this end."** [Boldface mine].

Impetus to Gov't Ownership

Could it be that those directing the Treasury know that to force a low rate of interest will throttle private industry and be an impetus to government ownership and control of enterprise? Do they realize that we cannot expect private industry to flourish unless we permit a return sufficient to challenge those who would accumulate "venture capital" to explore beyond the new horizons which constantly appear? Can it be that they desire accumulations of private capital to flow to other countries, and perhaps to have the owners follow it? We cannot definitely answer these questions; but when some of the means point so directly to stated aims we cannot but be suspicious.

Taxation has always been used as a tool to accomplish economic ends; this aspect has loomed large in recent years. The Treasury and Congress have been urged to increase taxes that would absorb funds which are responsible for price increases, but instead the Treasury, at least, has shown more concern over what the taxes would accomplish in a regulatory fashion. Take the most recent proposal of the Treasury to increase taxes by about $10 billion. The Tax Institute sent a questionnaire to its membership asking whether this could be done, whether it should be done, and if so by what method. The preponderance of replies indicated that it could and should be done. As to method, a general sales tax received greatest support, followed by heavier individual income taxes in particular brackets, forced savings, heavier estate and gift taxes, and heavier corporation taxes. These replies were motivated by a desire to absorb increased purchasing power and thereby help to stabilize prices. The Treasury admitted that most of the funds responsible for inflation were in incomes under $5,000. The proposed bill, however, scarcely touched these funds but did strike harder at business enterprise.

Congress, at the time, was not committed against higher taxation, but did refuse to adopt the program of the Treasury. It overrode the President's veto, not because of the principle involved, but because of some of the vicious names and implications which the President used.

Those who advocate a managed economy, and have used some of the devices indicated above to insure its inception, claim that our economy has reached a maturity which no longer leaves a place for private initiative and enterprise. The frontiers all have vanished!

Mature Economy Theory

The frontiers have vanished? Well, our geographic frontiers of the future may not be as numerous and extensive as those of the past; but we have plenty of evidence that our mental frontiers continue to extend far beyond the horizon. We have been permitted to see a few of the future possibilities in the fields of aeronautics, electronics and plastics. If we could but have paraded before us the explorations which are as yet military secrets, we would need no other blockbuster to annihilate the claim of a mature economy and that the need for private enterprise has become extinct. A mature economy? Hardly! Even so, it will take a long time to accumulate a wealth of Mr. Ickes' $12,023,000,000,000!

We cannot undo the harm which has resulted and will result from our fallacious fiscal practices; but we do not have to continue them. Let's tell the people the truth! Let's tell them that a 10% increase in prices from inflation caused by borrowing is just as burdensome as a 10% sales tax. Tell them that if we levy taxes, we are through; but if they buy a bond someone, perhaps themselves, will have to be taxed to pay for it. Tell them they can't have that refrigerator or radio which they have been promised until this is done!

A Vicious Boomerang

Let's play fair with the boys; "backing them up" by buying more and more bonds will have a vicious boomerang. Do we want to bring them back to inflated prices and in addition make them help to pay interest and principal on bonds with the returns from which we are to buy automobiles and refrigerators? Let us begin to expend some of the energy we have used to sell bonds and employ the same devices to tell the people the truth about the consequence of excessive borrowing, low interest rate, etc. Let us forget the use of taxes for the purpose of social "reform" long enough to use them at least partially to stabilize prices.

Let's air the idea of a planned economy, socialism, or whatever it should be called, in the open, and point out the devices which are being used to bring it about. Let's find out whether this epitomizes the "American Way of Life" which millions of our boys are fighting to preserve. Perhaps they may want a chance to demonstrate that private industry may be worth giving a chance and would not take kindly to plans and procedures to relegate it to the discard.

"The patrimony of the state must not be impaired" is still just as pregnant with meaning as when it was first uttered. "Patrimony," moreover, did not refer to the greater and continued borrowing upon which some would have us rely. No one can deny that the private ownership and development of our lands and industries have resulted in an economy of unparalleled growth. Socialist countries have paid high salaries to products of this economy to map and execute plans for them. The wealth and income of this economy has been the patrimony of the government; it has been the source upon which it could draw for its revenue. Mark the extent to which our government has been able to command revenue in comparison with some other countries!

Need to Encourage Private Enterprise

The future stability and growth of this economy will be the future patrimony of the government. Government enterprises of the past have rarely been productive of revenue and, when we scan the list of operations which the planners propose for the future, the need for the continued encouragement of private enterprise becomes imperative, if for no other reason than to preserve the patrimony of the state. The conclusion is inescapable that we must not neglect nor minimize the importance of the impact of our fiscal practices upon the present and future of our economic structure.

Analyzes British Exchange Controls

(Continued from page 517)

In each agreement machinery is set up, in keeping with the exchange control regulations on each side, to facilitate payments between the parties concerned, such payments to be ultimately channeled through special accounts maintained by each party on the books of the other party's central bank. The three agreements also reaffirm the existing official rates of exchange, namely £1=176.625 Belgian francs, £1=16.90 Swedish Kronor, and £1=200 Francs. No changes in these rates are to take place except after mutual consultation (Belgium and France) or prior notice (Sweden), and all transactions between the parties, so far as they involve a relationship between sterling and each of the currencies concerned, are to be settled on the basis of the official rates of exchange. The participants also agreed to cooperate closely on exchange control matters affecting their common interests and to assist each other in keeping capital movements "within the scope of their respective policies" and particularly in preventing transfers "which do not serve direct and useful economic or commercial purposes." The Anglo-French Agreement makes this cooperation more specific by providing that the British and French Governments shall make available to each other any information they may possess concerning assets in the sterling area belonging to French nationals resident in the franc area, and assets in the franc area belonging to British nationals resident in the sterling area, respectively.

The most important and distinguishing feature of the three agreements lies in their provisions for the extension of mutual financial aid. The Anglo-Belgian Agreement, for example, provides that the Bank of England and the National Bank of Belgium, each acting for its government, will sell the other party sterling and Belgian francs, respectively (or, if need be, the local currencies, other than sterling and Belgian francs, of members of each monetary area), against payment in Belgian francs and sterling, respectively, to meet payments which residents of the one area have to make to the other and which are sanctioned by the prevailing exchange control regulations. The amount of Belgian francs to be held by the Bank of England under this arrangement shall not exceed 883,125,000 Belgian francs, or the equivalent of £5 million, while the amount of sterling which the National Bank of Belgium agrees to hold similarly shall not exceed £5 million (except by the net amount of sterling already owned by residents of the Belgian monetary area on the date the agreement enters into force). These sums set the limits within which the balance of payments between the two areas may move, one way or another, without any "foreign exchange problem" arising. Over and above these limits, however, settlements must be made in gold. The agreement is to run for three years, but no provision is made for the ultimate settlement of any balances outstanding at the end of that time.

The Anglo-Swedish Agreement, which is to run for five years, is framed on very similar lines, with one conspicuous exception. No limits are formally placed upon the amount of the other party's currency that each party agrees to accumulate under the mutual overdraft facilities and, theoretically at least, the balance of payments between the sterling area and Sweden may run up to any size in either direction without the need for settlement arising. It is widely anticipated that for several years after the war Sweden's balance of payments with the sterling area will be in Sweden's favor and that the Sveriges Riksbank will consequently accumulate sterling on balance.

In the case of the Anglo-French Agreement, mutual financial aid is to take the form of the provision of outright credits rather than holding of currency. Thus, the British and French Governments agree to make available to each other, through their respective central banks, non-interest-bearing credits of £100 million, or 20 billion francs, as the case may be, to meet payments which the franc area has to make in the sterling area, and **vice versa,** in the year ending Feb. 28, 1946. As these credits are drawn upon, the local currency involved will be paid into special accounts at the Bank of England and the Bank of France held on behalf of the other party. Provision is made for possible upward adjustments in the size of the credits, if need be, and also for partial or complete settlement, according to a complicated formula involving some payment in gold, of any net credits outstanding on Feb. 28, 1946. It is generally anticipated that the balance of payments within the one-year period of the agreement (which is subject to renewal) will be in favor of the sterling area.

All three agreements are drawn on rather narrow lines in that they specify that the currency of the one country held by residents of the other (including currency made available under the mutual financial aid provisions) can, in general, be used only for transfers or payments within the country concerned, although eventual multilateral convertibility of such balances is looked forward to in the provision that, as opportunity offers, each party shall seek to permit its currency held by the other party to be used for making payments in third countries. Despite the restrictions imposed upon free convertibility of balances and related provisions, however, these agreements are in no way inconsistent with the Bretton Woods Fund plan, at least so far as the "transitional period" is concerned, since that plan specified that during this period members may "maintain and adapt to changing circumstances . . . restrictions on payments and transfers for current international transactions." In this connection it is significant that each of the British financial agreements provides that if the participants adhere to a "general international monetary agreement," the terms shall be reviewed with a view to making any amendments that may be required.

Essentially, agreements of this character will have the beneficial effect of facilitating more normal commercial relationships between the participants and their respective monetary areas in the difficult transition period ahead, in the face of tight exchange controls and (in Great Britain) limited monetary reserves, and in this respect should be considered a useful step in the reconstruction of world trade in general. Such agreements can be of special benefit to Great Britain, whose external financial position has seriously deteriorated during the war, in that they offer the assurance that, within limits at least, any current deficits which that country may face in its trade with some of the other participants will be financed, in effect, by borrowing from those countries, rather than by paying them out of its limited gold and dollar reserves.

On the other hand, there is always the possibility that if Britain's balance of payments difficulties are not adequately resolved, thesea greements may be extended beyond thet ransition period for which they were designed, and perhaps coupled with attempts to bilateralize trade between the participants so as to prevent excessive claims from piling up on one side or the other. Under unfavorable world economic conditions, moreover, these agreements might even lay the basis for an enlargement of the sterling area or for the eventual grouping of Western European countries and their overseas monetary areas in a closely integrated exchange and trading bloc which, while permitting relative freedom of transfers within the bloc, would maintain close controls and discriminations against transactions with the rest of the world. These possible long-run implications of the recent British financial agreements with Western European countries underline, therefore, the need for appropriate interntaional, as well as American, action designed to create the conditions necessary for a gradual relaxation of the exchange controls and other restrictive trade practices abroad which will prevail in the early post-war years, and to minimize the possibility of their extension into more undesirable forms.

Sullivan Naval Air Sec.

Under date of July 3 the New York "Times" reported the following from Aboard Admiral McCain's Flagship, in the Western Pacific: "John L. Sullivan was sworn in as Assistant Secretary of the Navy for Air aboard this aircraft carrier, it was disclosad today. The ship is part of Task Force 58 of the Third Fleet, plowing the battle zone waters off Japan.

"Carrier-based fighter planes flew overhead as Mr. Sullivan took the oath on the flight deck. Officers and men in battle dress stood at attention. The oath was administered by Vice-Admiral Aubrey W. Fitch, Deputy Chief of Naval Operations for Air. It was the first time an Assistant Secretary of the Navy had taken the oath at sea and in a war zone.

"Mr. Sullivan succeeded Artemus L. Gates, who was sworn in as Under-Secretary of the Navy in Washington on July 1. His home is in Washington."

This advertisement is not, and is under no circumstances to be construed as, an offering of the following securities for sale or as a solicitation of an offer to buy any of such securities. The offering is made only by the Prospectus.

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The Securities Salesman's Corner

"It Takes All Kinds To Make A World"

By JOHN DUTTON

The experienced salesman "qualifies" his customers and prospects automatically. He has met and dealt with such a large variety of security buyers that almost instinctively he sizes them up—often without his realizing that he does so. He gears his selling procedure to fit the type—and there are almost as many different types of securities buyers as there are different securities. Yet, people are people and they can be fitted into certain broad categories. Knowing people is an art that can best be accomplished through experience—books and articles have been written on the subject by the score—but here is where you learn best by doing.

The good salesman learns to use his eyes and his ears as much as he does his tongue. The world is his laboratory—people are his key board—sales are his music.

Here are just a few broad categories that could be set up in "typing security buyers". EVEN THEIR BEST FRIENDS WON'T TELL THEM!

The fellow who likes to "pick his own". You know him. He's usually opiniated about most things—politics, economics, the weather, his clothes, the other fellow's golf game. Some times he will listen to a suggestion, but he seldom takes a straight down the alley sales talk without a suggestion of impatience. You can't sell him by the direct approach—you've got to flatter his ego if you desire his business.

The fellow who wants to get something for nothing. The woods are full of these birds. Some of them (most of them) would never admit it. He wants you to whisper in his ear that some insiders are buying into a certain situation and he wants his profit QUICK. High taxes or no! His type are never loyal to any firm. Give him ten profits and one loss and you will get a squawk so loud the echo will ring in your ears for a week.

The timid fellow. He'd like to invest a few dollars but he's not sure that he should. He's never sure of anything—he goes through life this way. If you follow up this type of prospect you're liable to go half nuts yourself—and what you'll make out of his business won't be sufficient to pay your social security taxes.

The suspicious type. He doesn't believe it! He's heard too much about Wall Street, brokers and bond salesmen. Why back in 1929 he bought some real estate mortgage bonds and those dirty so-and-sos robbed him. Most corporations are run by crooks, the stockholders always get a raw deal. If it hadn't been for Roosevelt the country would have been swallowed up in the most God awful revolution you ever saw in your life. Thank heaven for the SEC the OPA and the Political Action Committee. You can have his type too—if you want him—or do you?

The big wind bag. He wants to talk about himself. He doesn't care how much of his time he wastes—and less for yours. He will get you into his office and as long as you'll listen to his stories about what a smart fellow he is, and the big things he expects to do someday—he'll give you a book full of it. He may hand you an order someday, but what you will make out of his business you can also put in the kiddies bank—providing he doesn't "lay down" on delivery day.

The grouch. The world's all wet. He only does business with his bank, or his old friend Joe Zilch who has been an investment banker of **repute** for the last half century. Besides all unlisted securities are junk—the country is going to hell—and who told you to call on him anyway. We'll take vanilla; you can have him too if you want him.

The fellow who has a deal for you. "Glad you called, come right in". "Now just listen to this—here is the map—only need $50,000 to drill two wells". Besides he's got a sure-fire hit in a new tooth paste formula that will put Colgate out of business—its got a strawberry flavor—the kids will love it. Can he waste your time?—if you let him!

Some day when this brave new world becomes better organized how about an SEC to protect the security salesman!

Merle Selecman of ABA Takes Red Cross Post

Appointment of Merle E. Selecman of New York, Deputy Manager and Secretary of the American Bankers Association, to the staff of the American Red Cross as a special assistant to Frederick A. Carroll of Boston, recently named Red Cross Commissioner for Great Britain and Western Europe, was announced on July 24 by the National Headquarters of the American Red Cross in Washington. Mr. Selecman will leave shortly for his duties abroad. Mr. Carroll, who is Vice-President of the National Shawmut Bank of Boston, is on leave of absence from his bank. Mr. Selecman has been granted a leave of absence by the Association to join Mr. Carroll's staff.

Mr. Selecman has been with the American Bankers Association for the past 18 years. In addition to his work as Secretary of the Association he is Deputy Manager in charge of its Trust Division and director of its Public Relations Council. Mr. Selecman attended the Universiy of Missouri, took his A.B. degree at the Northwest Missouri State Teachers College at Maryville, Mo., and his Master's degree at Northwestern University in Chicago. Prior to joining the Association, Mr. Selecman spent ten years in newspaper, advertising, and publicity work and teaching journalism in the Midwest.

"Full Employment" and Freedom in America

(Continued from first page)

but what happens there is important for us because it is part of the world-wide movement toward compulsory collectivism which has emerged from this war. When our Congress reconvenes in October, after having ratified in the past few days the Charter of the new League of Nations, and the international economic and military agreements which implement it, hearings will start on the Full Employment Bill, which is the Beveridge program for America, and we shall begin the great debate on the question whether or not this country is to take the final step in this process of international Collectivism, and fit its economic system into the planetary pattern of unlimited government power which the war against total government has already imposed upon the entire world.

I shall say nothing of the international aspects of this pattern that are implied in the monetary, agricultural and other agreements involved in the new League of Nations. All that I shall try to do today is to spell out the plain meaning of one of the underlying ideas in this pattern—that of unlimited government guarantee of income or purchasing power, which has been marketed under the changing labels of national and international planning, the planned economy, social security, full employment, guaranteed annual wages, and international stabilization, and has finally become the keystone of the international structure of compulsory collectivism, embodied simultaneously in the full-employment bill in America and the Beveridge plan for Britain.

The very title—"Full Employment in a Free Society"—under which Sir William Beveridge has put forward the British program of national socialism from which the Murray-Kilgore bill has been copied, defines the issue and lets the cat out of the bag. Step by step as he presents the attractions of the idea of full employment as the aim of domestic and international policy for the masses he is compelled to expose all the price tags, political accessories and governmental gadgets called for in the fine print of the contract, and it is clear that the same attachments come for the American as for the English model of the governmental millenium. It does not matter whether or not the British people like them or have been accustomed to them by riding around the back roads to serfdom in the early models of National Socialism imported from Germany since the time of Bismarck. For us the plain fact is that the political accessories of full employment cannot be attached to the American chassis without a complete alteration of its fundamental design.

Requires Government of Unlimited Powers

Ours was designed deliberately to limit the power of government, by dividing it and neutralizing it through constitutional checks and balances for the primary purpose of safeguarding the civil liberties and protecting the political freedom of the individual citizen against the encroachment of the State. Now, as the American mind has been reclaimed by the spirit of Europe, we are being told day by day that these ends of government are no longer necessary or enough. It is being taken for granted that the original purposes of this design have already been replaced or supplemented by other ends, which everybody desires and which cannot be attained within the framework and means of limited representative government under law. In our foreign policy we are committed to concerted action to maintain peace and promote prosperity in the rest of the world by continuous and unlimited use of military force and economic power, while in our domestic policy we are about to be committed to unlimited guarantee of employment and income. Both these objectives require a government of unlimited powers, unrestrained executive authority, and unrestricted economic resources, with parliaments and legislatures performing merely advisory or conversational functions, and abdicating to executive agencies their power of the purse.

Well, there is some gain by way of candor in having come to the point where some of us recognize that if our government is to play the new role of planetary policeman and global Santa Claus abroad and provide full employment at home, we shall have to scrap the Constitution and give up trying to shape it slyly to these purposes. I do not know whether or not many Americans have more than the sentimental attachment to it which they have for early colonial antiques. It may be that the American people today, like those of Europe and Asia, are willing to pay any price for these things that go under the name of security, and one no longer can be sure about that after the steady process of demoralization to which they have been exposed during the past decade; but they should not go into this collectivist bargain imagining that security is free, any more than freedom is free.

Experiment Will Be Costly Failure

Nor should any of us who do not share that new delusion make the mistake of assuming that we need not worry about the outcome because in the end everyone will find that the formula of full employment by unlimited government guarantee is phoney and must fail. Even some as shrewd as Winston Churchill seem to be making this innocent error now, ignoring or underestimating the new instruments and mechanism of power which total government and its technicians have been devising and perfecting to implement that purpose during the past decade, in America and England, no less than in Germany, Italy and Russia.

No, the trouble with the program of full employment by government guarantee is not that it won't work, but that if you pay the price it will work so well that when you have paid the price and got it all you have left to wish for is that it wouldn't work at all. Once you have set in motion the massive machinery of unlimited government to make good its guarantee of full employment and adequate income for everyone, it is too late to protest that you didn't read the fine print in the social contract. It is too late to say that you didn't really mean full employment or even sixty million jobs; that you didn't quite intend that everybody who can work must be employed when, where and at whatever the government deems necessary or desirable, producing what the government wants, at a wage or profit the government considers fair, or that everybody must buy and consume what the government decides is desirable at a price which it determines, or spend or save his income in ways which the State decides is proper. It is then too late to realize or argue that the standard of living is not proportional to the amount of employment or payrolls or income or pensions or wages and prices, but to the production of the things people want to buy, consume or keep, with the least labor necessary to get them. It is useless to explain that you meant merely that the people who can't get satisfactory jobs at fair wages should be employed or supported at a minimum standard of living. You have paid your money and made your choice, and all the clauses of the contract must be carried out if any of them are to be met. What are they?

Two Axioms Under "Full Employment"

Notice first that the agreement rests on two premises which practically everyone now accepts almost as axioms of modern economics. One is that everybody has a political right to an income sufficient to buy an adequate standard of living, either by being employed by somebody in a satisfactory job at fair wages, or running a successful business at a fair profit for himself, or being paid an unemployment or health benefit or pension by the government. The other axiom is that this right can be guaranteed only if enough money is spent by private citizens and government together to provide the income required to meet the desired standard of living. The current stipulation is that we must spend about $160 billion of public and private money to provide about sixty million jobs or businesses, public and private, yielding enough income to satisfy the contract. But this stipulation is naturally subject to change from time to time, and so there are the further stipulations that if private spending is not enough the government must supply the rest, and if private spending is too much, government must offset it by collecting more money from citizens by borrowing or taxes.

As a social scheme this seems "perfectly neat and quite complete and not in the least extreme." Is means merely that government assumes complete responsibility for the accounting of the community's money, controlling its expenditures, income and saving, relieving the citizen of all his budgetary problems, and leaving everything else about his life and work as it was. If that were all there is to it, it might be made simpler by arranging to have all private income paid into the Treasury into a sort of super-social-security account for every individaul and then having Mr. Morgenthau send each citizen a check every month for whatever balance the public officials figure it would be proper for him to spend. That would at least assure full employment in Washington; but a benevolent government would then only come to the beginning of its problem, and would soon have to invoke the unread, unwritten or invisible clauses of its contract.

First, of course, there are the fiscal clauses, since the whole full employment program centers in the power of the purse, now enlarged to control not only of the public but of the private pocketbook. If the State is to determine total spending, it must obviously begin by determining not only the total national income, but its distribution, and end by determining individual income after taxes and savings. Citizens might save more or less than is necessary, so they cannot be permitted to earn or spend as much as they please without upsetting the political applecart. The State must have complete control of the net disposable private income, and prior lien on it. The withholding tax, borrowed from Europe, and sold here with the Greek gift of "forgiveness" as a premium, is a device perfectly adapted to this purpose. It not only converts the income tax into an excise, and collects it under anaestesia in advance of spending, but makes it completely flexible so that it can be applied specifically to the spending of groups and individuals as the political exigencies may demand, without any regard to constitutional considerations of equity or equality. When it is further improved, as its energetic merchandiser Beardsley Ruml proposes, by abolishing the corporation income tax or converting it into a nominal dog-license, the individual citizen becomes merely a tax-bearing animal, thoroughly domesticated to growing continuous crops of fiscal fleece for the State to shear. Certainly there is no other way to control the total private spending necessary to provide full employment. Under this section of the contract, when the State borrows from citizens and spends on a large scale to provide full employment in war or peace, it can even make the large bond buyers pay the principal and interest on the debt held by the small income brackets, by graduating interest rates and income taxes accordingly.

Supplies Restrictions on Spending

Next in the contract is the consumption clause. After you have determined through your fiscal machinery what the net disposable private income of the community is to be and who is to have it, you cannot let people spend it as they please if you are to guarantee full employment. They might save it to hoard it, though you can probably prevent that; or they might waste it in many undesirable ways, as on liquor or on women who should be otherwise employed. In any case you can't be sure that they will spend it so as to purchase the services of everybody to whom you have promised a satisfactory job, at the wages and kind of work he wants, where he happens to prefer to live. A free competitve market for consumers or producers is an insuperable hazard to a full employment policy, because consumers do not spend intelligently according to any national plan, workers don't change their occupations, skills or locations easily or freely, and investors and enterprisers have their own peculiar notions as to what they want to do with their money, according to what consumers want to do with theirs.

So to fulfill the full-employment contract you have to stipulate that control of consumption may be necessary in the national interest, by establishing a system of priorities in the production or purchase of consumer goods, as well as rationing and price controls, and some kind of allocation of new investment or control of the development of new competitive products. Since the jobs to be filled are not always likely, especially after this war, to be in the same places as the people who want to work at them or buy the products, the Government must also be able to move industries, labor or markets about (here or abroad) if it is to balance spending with employment. So the disposal of surplus war plants, and their voting populations, as well as Government control of foreign trade will probably prove to be important footnotes to the full employment contract.

Beyond all this, there is a much more crucial stipulation in the consumption clauses of the contract. Even with complete government management of private income, the control of private spending and consumption is so hard at best, and individual citizens are so stubbornly bent on saving or wasting their money in their own way, that it will be impossible for Government to make good on its promise of full employment unless it spends more of their money for them and makes them buy or consume what is good for them whether they want it or not. Besides, the capacity for private consumption is inevitably limited by time or boredom, but the possibilities of public consumption are boundless. They include not only the traditional pyramids, post offices, parks, playgrounds, public works and domestic or foreign TVA's, but also medicinal, dental, manicure and chiropodist services, day nurseries, communal feeding, food-stamp plans, "homes of rest and culture," "travel for strength through joy," better meals for Melanesians, more vitamins for Hottentots, rebuilding the ruined antiquities of Florence, planting trees in Italy, and whatever (including continuous war for peace) an ingenious and ambitious government can imagine might make employment if it spent your money for you on something you wouldn't buy yourself.

The Compulsory Consumption Clause

So we come in the full-employment contract to the compulsory-consumption clause, which is perhaps the key provision in the whole program, for by it unlimited government can outflank and by-pass the perpetual peril of the competitive market-place and the hazards of the consumer's choice; and for the same reason it has a great appeal to business. It is always much easier to do your marketing through a government which can make the ultimate consumer take the product whether he wants it or not. War is essentially and almost completely a compulsory-consumption economy, where the unwilling customer merely happens to be your foreign enemy. The full-employment contract simply applies the same principle and the same method to peace and to the domestic consumer. Those who made it said as much in plain terms many times when they asked the world ad nauseam the trick question: "If you can have full employment in war, why not in peace?" The answer is that you certainly can, if you are willing to have the Government spend your money to buy goods and services you don't choose and can't use. But when it does that it is merely putting a lot of your spending money into other people's pockets, and it must take the money back again in taxes, or it must make sure that enough of the kinds of things that citizens choose to buy is available, else even your own spending money won't buy much groceries, gadgets or government before you are through.

Work and Production Not Considered

Thus we arrive, by easy and familiar stages at the final clauses of the full-employment contract, the labor and management and investment clauses, which cover the problem of getting the work done that may be needed to produce the groceries, gadgets or social gains for which the private and public income is to be spent. These provisions are mostly in fine print or invisible ink, legible to the naked eye only when the heat is turned on, because the kind of contract we are talking about is for full employment or full payrolls, and the political preamble makes no mention of production or work. It assumes that they are mostly superfluous synonyms or natural accompaniments of employment and payrolls. In fact, the sequence of events by which the spontaneous generation of prosperity is supposed to take place is that public plus private spending makes payrolls, which make employment, which terminates automatically, after a lapse of time and overtime, in the production of useful goods.

Most retail merchants as well as government officials seem to believe that prosperity is brought by the spending stork; but industrial management, like the midwife, has a more realistic view of the process. It knows—and this war drove the lesson home—that when Government starts issuing to anybody unlimited claims to consume the product of other people's labor, and undertakes to redeem them, it has to provide the product, too. To do that Government has not only got to provide workers to produce the product, and manage and direct their work, but also supply their tools; and that means that it must make them produce at least something more than they are permitted to consume with the money it gives them.

The difficulty of getting enough real work done and getting enough tools to work with in order to make good the claims to consume which it issues, is the ultimate dilemma that drives the welfare-investment State either to inflation and repudiation or to the labor camp, or both. If we doubt the historical evidence on that, it would be easy enough to test the spending-expansion idea of prosperity and the idea of state capitalism by having the Treasury send every individual a monthly check for $100, which works out roughly at the desired national income of $160 billion. It would be interesting not only to see how many million jobs and how many hours we got for it, but also to hear the arguments that Marriner Eccles, Professor Hansen and Henry Wallace would make against it. Yet if anything they have been saying about the magic of consumer purchasing power in creating employment and production is true, there is no reason why it wouldn't work, except the simple fact that most people wouldn't, so long as they could buy anything with the money they get.

Security and Serfdom

Sooner or later a community that makes unlimited consumption a political principle for unlimited government must end by consuming itself—its human capital along with its material resources. Any full employment or guaranteed-income program that begins with government as consumer or dispenser of spending money or purchasing power to the masses must move from the now familiar phases of forced labor, which is common to every country with total government in Europe and Asia, and came close to us here in America during the war. At the hands of the State, security and serfdom are ultimately and inevitably identical as economic facts, and the political forms in which they are dressed up are unimportant.

I said that forced labor was the final clause of the full-employment contract, and it is perhaps enough; but it is not quite the last paragraph. Even in the labor camps of Russia or Germany men might think and talk, and thoughts and words may affect their own and others' work for the State which employs and supports them. So merely as a matter of good management and equipment, Government has to see that they are provided with the proper ideas and the right words. Freedom of speech and thought are the final sacrifices to the Supreme State which are stipulated in the full-employment program, but by the time they are called for, they are rarely missed.

So I can sum up for you the written and unwritten conditions of the new social security contract in these terms: The Government will give you full employment and guarantee your income provided you will let it use your money as it pleases; if you will buy for your own use what it tells you, at the price it fixes, or let it do the buying for you; if you will save as much money as it says and let it invest it as it pleases; if you will work at whatever it says, when and where it says, and as much as it says for what it says you can be paid; and if you will hear, read and think what it tells you and keep your mouth shut. Beneath the elaborate and complex apparatus of fiscal and monetary policy, social insurance, price and wage fixing, rationing, conscription, and propaganda by which it is operated in the modern State, the compulsory collective economy — which this contract calls for to replace the voluntary competitive economy—is a simple and primitive bargain. It means merely that if most men in any community expect or compel a master—man or government—to promise to employ, support or protect them as a matter of legal or political right, they must obey that master, do what work he makes them, live and move where he tells them, eat, wear and buy what he tells them; save what he tells them, and ultimately believe and say what he tells them. Even if they do all of that, in the end their master can guarantee support and security to them only if some of them are able and willing to produce by their work somewhat more than the master permits them to consume for themselves. And since those who are able to produce more than they consume won't keep on working forever to support the rest, the standard of living must ultimately descend to the subsistence level unless the community can beg, borrow or steal enough wealth and labor from some outside source to keep up the show. This is what has been happening in Europe and Russia in the past five years, and it will begin to happen in England and America if they follow the road laid down in the full-employment bill and the Beveridge program.

So, when we are told today that we must choose between full employment by this road or dictatorship and serfdom, I say you must take both and will get both for both are stipulated in the bond of this bargain with compulsory collectivism. I am not discussing what we should do instead, but I say that anything or even nothing would be better than that. The colossal structure of international Statism which has been erected as a monument to the dogma of unlimited government during the past decade is already collapsing into a rubble of bankruptcy and a brutal struggle for power, and we have nothing to hope from it by way of peace or prosperity. Whatever the rest of the world may decide to do, let us in America make a stand for freedom here at home, and pay the price. It will be worth whatever it costs and this may be our last chance to get it.

Municipal News & Notes

The municipal market continues under the influence of the government bond department, which is another way of saying that it is a rather dull affair and has been such for some weeks past. As a matter of fact, the apathy which currently envelopes the municipal field antedates the setback suffered by the market for governments and the extent of the latter development is clearly detailed in our "Reporter on Governments" column which appears on another page in this issue.

It is true, of course, that there have been a few bright spots in the tax-exempt field in the recent past, but the picture as a whole has been, and is, rather dismal. Some of the rather new offerings, including those of Boston, Mass., Philadelphia School District, Hamilton County, Ohio, and Cincinnati School District, admittedly did meet with good investment demand. This was not enough, however, to touch off a significant wave of interest in the market generally, and the result is that not much progress has been made in clearing away the sizeable inventory that existed following close of the Seventh War Loan.

Because of this situation, dealers have been extremely cautious in bidding for new issues, with the tendency being to avoid making commitments at levels which do not take into account the possibility that the existing stalemate may continue for at least the remainder of the summer season.

Another contributing factor to the poor showing in the municipal field was the veritable flood of corporate financing that took place during July. This development obviously taxed the facilities of both investment bankers and portfolio managers, with the latter in particular not being in position to give much attention to other sources of investment. Present indications are that August will prove pretty quiet insofar as new corporate emissions are concerned, with the prospect that the municipal market will receive much greater attention.

Debt Structures of Louisiana, Its Parishes and New Orleans

We are in receipt of a copy of the June 30, 1945, edition of "Bond Structures of the State of Louisiana, its Parishes and the City of New Orleans," a publication issued by Scharff & Jones, Whitney Building, New Orleans.

The title of this interesting booklet is misleading to the extent that it does not adequately describe the varied scope of its contents. While its essential purpose is to make available the latest information with respect to the outstanding indebtedness of the State and its Parishes, also of New Orleans, several other features combine to greatly enhance the value and significance of such data.

While space considerations preclude our giving an adequate review of the study, we understand that the bond house will be glad to send a copy gratis, upon request from either dealers, institutions or individuals who have an interest in Louisiana municipals. Requests should be addressed to Scharff & Jones, Whitney Building, New Orleans 12, La.

Chattanooga's $6,135,000 Equalization Program Completed

At the close of the city's fiscal year on June 30, 1945, which also marked termination of the Chattanooga, Tenn., debt equalization program, holders of more than 96% of the total of $6,135,000 debt involved had exchanged their bonds in accordance with the plan.

This information was contained in a report made by city officials to Wainwright, Ramsey & Lancaster of New York City, fiscal agents for the Southern metropolis.

Actually, the original purpose of the program has been fully completed, as the city had sufficient sinking fund assets to take care of the $237,000 in unexchanged bonds. These latter mature in fiscal years 1956, 1957 and 1960.

Alberta Creditors Asked To Deposit Holdings Under Refunding Offer

In a notice issued under date of July 20, E. C. Manning, Treasurer of Alberta, requests that creditors of the Province accept provisions of the debt reorganization offer dated July 16 last, and implement such approval by depositing their holdings, accompanied by the appropriate Letter of Acceptance and Transmittal, at any of the following places:

(a) at the principal office of the Imperial Bank of Canada in any of the Cities of Montreal, Toronto, Winnipeg, Edmonton or Vancouver, in the Dominion of Canada.

(b) at The Bank of The Manhattan Company, 40 Wall St., New York, N. Y.

(c) at Lloyd's Bank Limited, 72 Lombard Street, E.C. 3, London, England.

The Sterling Bloc Pool And Foreign Trade

(Continued from page 514)

will shrink, the Export-Import Bank loans will cushion the shock.

These figures are hard to comprehend. They are astronomical.

If and when all of these programs are consummated, the total of foreign gifts and credits still available to foreign lands and peoples would break-down as follows:

Lend-Lease ------	$21,500,000,000
UNRRA ----------	1,300,000,000
Bretton Woods----	6,000,000,000
Increase Capital Export-Import Bank	2,800,000,000
Total ----------	$31,600,000,000

It is high time we evaluated these sums against our own available American resources. Can we stand the gaff? And the aforesaid aid to Europe and Asia may not be sufficient. There will also be needed direct government post-war credits to our Allies. The Johnson Act will be repealed and private loans will be made to foreign municipalities and commercial entities.

Is our well of relief and rehabilitation inexhaustible? Can we really, without danger to our economy, yield to all these requests and importunities for aid. Can we offer our breast to feed and nurture the world? The problem is a vexatious one. You traders must help solve it.

We may not be able to square off actual aid with all these commitments. We want to cooperate wholeheartedly in building a healthier and happier world. We have the will. Have we the power and illimitable resources, however, to become the permanent almoner to all and sundry who apply? Have we the means to stand the strain and drain? Remember, meanwhile, we fight in the Pacific—with its tremendous cost of life and limb, goods, products and services.

Then too, if we cannot carry out our promise to France, England, Holland, Italy, China, Russia, Greece, Czechoslovakia and others, in the midst of our war and post-war necessities, after leading them into a mood of reliance and expectation then we created disillusion, disappointment and shattering of good will.

Time to Measure the Cost

It is time to measure and "yardstick" our productivity, not only against our role as almoner but against our own needs.

Must we not look a bit to our own house? There is an old saying, "Love your neighbor, yet pull not down your hedge." Of course, our attitude should not be one of heedless selfishness. That would be not only bad morals but bad economics. The happy medium would be a reasonable self-interest. We must conserve our energies and strength in order to help our neighbors in want and distress.

We cannot so supply raiment for all, to the point where we make ourselves naked. We too, can suffer cold.

We dare not lavish sustenance on all who appeal for food and allow ourselves to starve. We, too, can feel hunger.

I'm sure we all desire our benevolence to continue, that we want to bring balm to a shaken and suffering world. Such action might even be deemed self-interest, inasmuch as we cannot prosper unless others in the world—our potential customers — grow strong and prosper.

We require the channels of trade between ourselves to be not only reopened but widened, deepened, and maintained.

Thus, in addition to the expansion of the lending facilities of the Export-Import Bank, we passed the Reciprocal Trade Bill, providing for wider tariff cuts, thereby making possible increased foreign trade. Due to the increase in its capital, the Export-Import Bank will be in a position to provide financing. In this way, we enable war devastated countries to begin the immense task of reconstruction — we help the wounded nations to bind up their wounds and walk again—to trade again—to return to prosperity.

Suez Tolls

But, in all this enlightened generosity, have we not the right to expect a recognition in return? For instance, is it fair dealings for Britain to exact, from the start of the war to January 1945, $11,345,390, as Suez Canal tolls on American ships redeploying fighting men and equipment to the Pacific? During the same period, the United States Lend-Leased $9,000,000 in Panama Canal charges on British ships. That is certainly taking a nip out of the hand that feeds one! The excuse offered by British is lamentably weak. She seeks to exculpate by saying that the Canal is owned by a French company but she fails to state that Britain is the principal stockholder. A slight oversight. She begs off also by saying that the tolls must be paid in Egyptian pounds and she lacks such currency, an excuse which won't wash when one recalls, as it is inevitable, that England owns Egypt, body and soul. She could easily procure the Egyptian pounds through the Sterling Bloc Pool.

My remarks may cause quite a fluttering in the dove-cotes but I shall not be ruffled. I am reminded of Samuel Butler's remark, when criticized for his "random" passages: "I have left unsaid much that I am sorry I did not say, but I have said little that I am sorry for having said—and I am pretty well on the whole, thank you!" I feel the air should be cleared if we are to reach an understanding. I may be accused by some as being an Anglo-phobe but I shall dismiss that as an absurdity. England will come out of this holocaust maimed physically and greatly weakened economically. She alone realizes how narrow was the survival. The whole world, including the United States, will be the poorer if England cannot play her full part in the task of the world's reconstruction. Because she has been shaken to her very foundations, she needs and must have our help. But such condition should not blind us to shortcomings and faults and preclude honest criticism.

The Counting House Approach

Lord Vansittart recently—July 18—in the Transatlantic Edition of the London "Daily Mail," spoke of Anglo-American relations and said: "There is something more than sentiment in common between the 'users of our sweet English tongue'." That is indeed "sweet". But it would be well for Lord Vansittart to caution his country to lessen his "counting house" approach.

England has insisted that all Lend-Lease shipments be evaluated at a 1941 stabilization price level, although the goods may reach England in **1945.** The actual cost of Lend-Lease goods has gone up from 25 to 40% since the 1941 period. In some food instances, the advance is 50%. Nevertheless, on the 18 billion of Lend-Lease goods and services we supplied England since 1941, we are out the increase in cost. Thus, we have subsidized each dollar of these 18 billions with upwards of another 25 cents or more per dollar presenting Great Britain, on a silver platter, as it were over $4,500,000,000.

Some one once said Britain, in a football match, plays courageously and fairly, but she always has her eye on the box office receipts. It is high time we too kept at least one eye on the box office receipts.

The time is drawing near for settling Lend - Lease accounts. What are we going to get for the billions of goods shipped to our Allies? The cost of Lend-Lease to date is about 15% of the war's total cost. Before V-J day, Lend-Lease may mount to over 45 billions. Much of it has been shot away, destroyed or consumed but portions remain intact and will have potential peace time value. The value of Lend-Leased machine tools to date has been 675 million. The United Kingdom received 200 million thereof. Their use will have a marked effect upon our future exports. We still have title to them and the right to reclaim what remains, or ask for compensation.

Lend-Lease Cancellations

How much of Lend-Lease accounts will have to be cancelled? That is a burning question. England desires, naturally, to cancel as much as possible. Payment for explosives, planes, tanks and jeeps that have disappeared and for food that has been consumed in the war's process will be liquidated and charged off the books as a war casualty. This might reach as high as 80%. What of the remaining 20%. The English are famed as shrewd traders. This 20% consists of industrial machinery and materials that will compete finally with American industry. It includes for example locomotives and transportation equipment, and planes that can be converted to civilian uses. Some 58,000 tools were sent to Britain under Lend-Lease. They were later sold outright to that country at a discount and under circumstances that caused quite an outcry in Washington. The Kilgore Committee has expressed marked disapproval, because it has been discovered that for a cash payment of $31,500,000. Great Britain secured these machine tools which cost $166,000,000. England found the dollars for this purchase with amazing alacrity.

In many instances, England's behavior bears a remarkable resemblance to Dickens' famous character, Scrooge. Her tactics hardly put us in a frame of mind to be lenient when it comes to settlement of Lend-Lease. Frankly, England is not following the admonition of a great East Indian sage—"Never poke your finger into your paper lantern." But maybe I'm talking through my hat about settlement. Some cynics say no payment whatsoever will be made for Lend-Lease, and that it will just be a colossal bookkeeping fiasco. Some say "it is better to give than to lend, it costs about the same!"

British Sterling Area Dollar Pool

But, sticking in the eye of the American traders like a cinder is the British Sterling Area Dollar Pool.

On the surface it seems a legitimate arrangement. But the temptation to use it as a petard to hoist British trade to the discrimination of American legitimate trading interests is too strong to resist. I have protested some of the abuses of this British Empire Dollar Pool to our State Department. In part, the reply received from Assistant Secretary of State Clayton is as follows:

"The so-called sterling area dollar pool came into operation in June and July 1940 after the defeat of France in order to conserve United States dollars (and other hard currencies) as they became available so that the dollars would be available for the purchase of military and essential civilian goods. All British countries except Canada and Newfoundland instituted foreign exchange controls requiring that all hard currencies acquired in excess of the quantities required for imports of military and essential goods be surrendered to centralized control in Britain. Some countries in the sterling area, because of their gold production, our purchases there or the expenditures of our troops there, or for some other reason, have had supplies of dollars exceeding their essential wartime needs. Other countries in the area have had to make essential purchases in the United States in excess of their supplies of dollars. The British Treasury has accordingly transferred the dollars from surplus areas to deficit areas.

"The operation of the sterling area dollar pool has, necessarily, reduced the supply of dollars available to businessmen in certain sterling area countries for purchase in the United States of goods deemed non-essential and has reduced the sales which American exporters might otherwise have made in those particular places. It has, of course, increased our sales to other places in the sterling area. This practice has not reduced the total purchases of American goods by all the sterling area countries taken as a group, but it has made possible the allocation of dollars to sterling area countries on the basis of relative need and has facilitated the conservation of dollars for the importation of military and essential civilian needs. The practice has therefore reduced the burden of lend-lease aid on the American taxpayer." . . .

"You ask what the position of the State Department is with reference to this pool. The State Department regards the general form and purpose of these sterling areas exchange controls as appropriate and necessary to the successful prosecution of the war. Dollars in the sterling area are scarce, and they have had to be allocated to the war uses like any other scarce commodity. That allocation has undoubtedly prevented waste and has reduced the drain of lend lease on the Treasury of the United States. For the post-war period it is part of our commercial policy to see restored the right of foreign buyers to select their sources of supply, so that private industry can thrive and American goods and American exporters can compete around the world upon the basis of the excellence and price of their goods. We believe that exchange controls on current transactions, however necessary in wartime, are restrictive of free competition on the basis of commercial values and therefore restrictive of free enterprise, and that they tend to create international ill-will. We want to see them ended as soon as practicable. How soon that can be done no one can say at this time. The fundamental problem is the scarcity of dollars in the hands of foreign owners. In some countries, which have more dollars than ever before, this will not be a problem. But in others—and Great Britain is one of them—the probability is that the supply of dollars will be considerably less than total needs for a considerable time. Whenever dollars are short we may expect continuance of some foreign governmental control of trade." . . .

I have great admiration for Will Clayton. He is doing a good job but he is a tyro at it as yet. I hope he realizes, however, that the British Foreign Office is adept in offering explanations. They are the Houdinis of the diplomatic world and I fear me our State Department may not prove a match for their wanglings and their talented sophistry.

Conditions Confronting Exporters

Let us face facts. I shall take conditions confronting our exporters in two countries: India and the Union of South Africa.

In my protest to the State Department, I gave a list of imports and exports passing between India and our own country between the years 1926 and 1940. Imports from the United States amounted to approximately $625,400,000 and exports to the U. S. amounted to approximately $1,327,500,000. The trade balance in favor of India up to 1940 was $702,100,000 and constituted the dollar surplus on normal trading. I was unable to cite the figures for the years following 1940, because after that year, England took the surplus dollars due India and placed them in the British Imperial Pool. In other words, the dollars owed to India by us were deliberately seized by England and placed under her control. England then gave India credit in pounds and then froze those pounds. In the reply sent to me by Mr. Clayton, I was given the additional figures on the international trade balance with India for the years 1941 and 1942 but I was refused the figures for the years 1943 and 1944, "because security regulations prohibit their publication." One would imagine that the Japanese Intelligence Office were fast asleep. How in thunder the '41 and '42 figures can be given and not the '43 and '44 figures is quite beyond my comprehension. However, these two years—'41 and '42—add to India's surplus dollars $57,021,000, making a grand surplus of dollars as of the end of 1942 of $759,121,000. It is also impossible to secure any accounting of the dollar balances due India on her trade balance with us after 1942 from British authorities.

India has been selling and shipping us in the last few years jute, mica, manganese and other strategic war materials. These latter shipments to us may run up an additional surplus of over 200 millions. The total credit balance due India has, in all likelihood, mounted up to one billion by this time. It is difficult for any country, such as India, to support an international trade so slanted. The result has been to emphasize and underscore the inflationary movement rampant in India today due to shortages of goods of all kinds. India needs American products and needs them badly but India has been deprived of the dollar with which to buy American productivity. England, having given India credit in pounds for the dollars and then having frozen those pounds, forces India to deal well nigh exclusively—for practical purposes—in British goods, if they can get them. Britain has not the wherewithal to supply either consumer or capital goods needed in India. She thus plays dog-in-the-manger. She says to India, "We won't let you buy American goods and we haven't the goods with which to supply you—so therefore do without." I don't know the rate of exchange between the dollar due India and the English pound but it is likely that England turned a neat profit on that part of the transaction as well. Incidentally, England expects India to accept for the pounds thus frozen a long term credit at a low rate of interest.

The India Market Closed to Us

Prior to the war, Japan was a large reservoir upon which India could draw for goods, merchandise and all sorts of supplies. Now that we are systematically pounding Japan to pieces, America might well step into the breach and act as a substitute for that source of supply after the war. But, should the Sterling Bloc Pool continue, as sure as you're a foot high, American trade with India will be stymied and that market effectively closed to us.

Britain has not openly announced her trade policy for the present or even the post-war period, except that Prime Minister Churchill, in referring to British post-war trade has said: "Everything will be done to promote international trade, but Britain will not give up its rights to safeguard our balance of payments by whatever means are necessary." Apparently, no holds will be barred in the struggle for foreign trade. It is safe to assume, then, that should the Prime Minister be re-elected, vigilance will not be relaxed over the operations of the Sterling Bloc Pool.

Lord Keynes, in a memorandum to Secretary of the Treasury Morgenthau, in October last, said that the Sterling Bloc Pool should be maintained for at least three years after the war with Japan. His thoughts seem to be entirely in accord with the Prime Minister's.

Furthermore, there is an oft neglected section of the Bretton Woods Pact which would give England a transition period of three to five years in which new bi-lateral exchange agreements would be permissible outside and beyond Bretton Woods machinery. In other words, she can keep her Sterling Bloc Pool arrangements up to five years. As time is figured these days of swiftly moving events, that is a long period in which to keep us out of India and other countries congealed within the Sterling Area pool.

What are you exporters going to do, meanwhile? Will you sit there quietly chewing your nails? As a trade diet, you will find them most inadequate!

Conflict of Bretton Woods with Sterling Pool

In fact, Bretton Woods in general is quite inconsistent with the Sterling Bloc Pool. Its purpose, primarily, is to break up artificial currencies and trade restraint controls. England should not be permitted to take advantage of Bretton Woods facilities and maintain the Sterling Area Bloc Pool at one and the same time. She would be likened to one who eats her cake and wants to hoard it too.

Undoubtedly, England will apply for a direct loan to our Export-Import Bank, and the sum may run up to one billion dollars.

To the exporters of the United States, this will be their cue for ACTION! In a thunderous voice, you must make known to the Administration that it dare not implement the loan unless and until appropriate revisions to your advantage are immediately effected in the Sterling Bloc Pool.

Case of South Africa

To cite another example, let us look at the trading situation of the Union of South Africa. It has always been a fertile market for American goods. We buy little—yet we sell much—and the Union has always had the means of payment. It has no external debt, and it is the largest producer of gold. In 1939, the Union of South Africa produced 33.2% of the world's gold. No figures are available for following years. Authoritative sources indicate that production was even greater in percentage during those years. South Africa can easily pay in gold for anything she needs but she is within the sphere of the Sterling Bloc Pool. Trade, there, is regulated by the South African Import Controllers who are, in turn supervised and curbed by the British. Some time ago it was difficult to trade with South Africa because of the dearth of ships. That difficulty no longer presents itself, as there is now enough cargo space and after August first, all shipping applications will be unnecessary. Control by the War Shipping Administration will be abandoned and direct contact will be made with the shipping companies. The War Shipping Administration will allocate ships but not the space on those ships. Now what is happening to our trade with the Union of South Africa? Roughly, there are two categories of goods that we can send to her. There are goods under general license, which includes non-critical, non-essential goods such as crockery, plastics, glassware, cosmetics, aluminum, jewelry, hand bags, etc. No export licenses are required for such items. Then there is a category of goods involving critical or priority materials where allocations are made to various countries under license here. They involve materials where there are shortages or where the supplies are critical. As to the first category of goods which are plentiful in this country, the Union of South Africa Controllers, under the domination of the British, exercise rigid control. Why? Why should the Union of South Africa be forced to say to American traders, at the behest of England, "You can't export to us, as much as we need your available civilian goods." Let's take the hand bag situation as an instance. We have more than we need in this country. But the women in South Africa are in need of such articles. Therefore, although South Africa has plenty of gold with which to pay for such hand bags, and she may have the dollar credit with which to do so, yet she cannot afford to do so for the amount of dollars that England doles out to her for purchases in a foreign market. South Africa may only buy from us what England permits her to buy. You might be curious and ask what happens to the gold. Most of it is earmarked for or shipped to England and the Union of South Africa is given sterling credit. Thus Britain manipulates the buying power of the Union of South Africa as she sees fit or as fits her needs. Churchill's statement, quoted previously, "but Britain will not give up its rights to safeguard our balance of payments by whatever means are necessary" becomes much clearer. It is likely that Britain will buy raw materials, such as metals and leather, and make handbags to be shipped to South Africa. She will thus monopolize the South African market. South Africa, meanwhile, is compelled to wait until England is in a position to supply her and is not permitted to avail herself of the American handbags already manufactured. As we can readily see, under such operation, until England is able to process and manufacture civilian goods for export to her Commonwealths and the Dominions, such as South Africa, all U. S. exports, in this instance to South Africa, are blocked for all practical purposes, or descend to a mere trickle of goods. Lack of goods in South Africa and the unwillingness of England to allow those needs to be supplied causes inflation. I have been speaking to some large South African importers. They complain bitterly, as you complain. One said to me the other day, "What can I do? The Controller says 'No'. He refuses to give me an import license and that is the end of it. If I continue to gripe, he will turn the screws on me in several other ways." Thus the fear of reprisals causes the South African importer to take it and like it. But that is no reason why a gag should be put in your mouth.

What I have said with reference to India and South Africa is applicable to Australia, New Zealand, Rhodesia, Palestine, Egypt, British East Africa, etc.

Can it be argued that the Union of South Africa desires to protect South African industry by keeping out American goods? The answer to that one is "No." In many instances, such as in the field of plastics and cosmetics, there is no competition.

The Conclusion

The conclusion seems inescapable—the whole scheme is to protect England's general dollar outgo. Britain takes South African gold and gives in its place an I.O.U. and then translates the gold into dollars and uses the latter in any way that is "necessary", including discrimination against American traders.

Meanwhile, our exports shrink. I say this despite the conclusion in the letter received from the State Department. It boils itself down to this—within the imperial sphere of the sterling block, together with so-called imperial preferences, England controls our trade with many countries and thus succeeds in limiting it and throttling it. We deemed it unsporting to murmur during the European war because the pool then appeared to be a legitimate shield against exploitation and a device to conserve England's war energies. But, thank the Lord, V-E Day has taken its place in history and V-J Day will follow it soon, we hope. At this point, I feel the exporters in the United States are entitled to yell like stuck pigs. I earnestly recommend that your Association and others similar conduct immediate and complete investigations into the operations of the Sterling Bloc Pool and its effect as a barrier to United States trade.

Broker-Dealer Recommendations

(Continued from page 520)

Inc., 135 South La Salle Street, Chicago 3, Ill.

Midland Utilities and Midland Realization Company—A study of Values and Distribution, prompted by consensus of opinion pointing to near-term liquidation of utilities and realization companies—Fred W. Fairman & Co., 208 South La Salle Street, Chicago 4, Ill.

Also available are brochures and statistical information for dealers on **Garrett Corporation and Magnavox Company.**

National Radiator Co.—Analysis, for dealers only—**C. E. Unterberg & Co.,** 61 Broadway, New York 6, N. Y.

National Terminals Corporation—circular—Adams & Co., 231 South La Salle Street, Chicago 4, Ill.

Also available is a memorandum on **Howell Electric Motors.**

New England Public Service Co.—Analysis—Ira Haupt & Co., 111 Broadway, New York 6, N. Y.

Pittsburgh Railways — Current study—**First Colony Corporation,** 70 Pine Street, New York 5, N. Y.

Public National Bank & Trust Company—Second quarter analysis—for dealers only—**C. E. Unterberg & Co.,** 61 Broadway, New York 6, N. Y.

Purolator Products, Inc.—Study of outlook and possibilities—Ward & Co., 120 Broadway, New York 5, N. Y. Also available are late memoranda on:

Great American Industries; Electrolux; Brockway Motors; Scovill Mfg.; Alabama Mills, Inc.; American Hardware; Douglas Shoe; Southeastern Corp.; Detroit Harvester; Bowser, Inc.; Mohawk Rubber Co.; TACA Airways; American Window Glass.

H. H. Robertson Co.—Memorandum on reconversion outlook—Strauss Bros., 32 Broadway, New York 4, N. Y.

Also available a memo on **Stromberg-Carlson** and a leaflet of general market comment.

"Rock Island"—study of improved reorganization profit potentialities—McLaughlin, Baird & Reuss, 1 Wall Street, New York 5, N. Y.

Schenley Distillers Corporation—Brochure of articles they have been running in the Chronicle—write to Mark Merit, in care of **Schenley Distillers Corporation** 350 Fifth Avenue, New York 1 N. Y.

Serrick Corp.—Current analysis on interesting outlook — Sills, Minton & Co., Inc., 209 South La Salle Street, Chicago 4, Ill.

Simplex Paper Corp.—report—White, Noble & Co., Michigan Trust Building, Grand Rapids 2, Mich.

Stromberg Carlson Company—memorandum—Kitchen & Co., 135 South La Salle Street, Chicago 3, Ill.

Wellman Engineering Co.—Descriptive circular — Simons, Linburn & Co., 25 Broad Street, New York 4, N. Y.

Also available is a circular on **Fashion Park, Inc.**

Wellman Engineering—descriptive memorandum — Wm. J. Mericka & Co., Union Commerce Building, Cleveland 14, Ohio.

York Corrugating Corp.—Memo on current situation—First Colony Corporation, 70 Pine Street, New York 5, N. Y.

Tomorrow's Markets Walter Whyte Says—

(Continued from page 518)

highly selective market from here on; more so than ever.

* * *

Present signs are reminiscent of the spring of 1929. There was a break then, small in retrospect, but it frightened enough people. Later they stepped in again but despite the fact that the Dow averages went up another 80 points between Spring and Labor Day few people made money. From personal experiences I recall a flock of distress correspondence. If the statistics could ever be gotten up I believe that more money was lost between the Spring and Labor Day in 1929 than made.

* * *

Conditions are similar today. Group after group is beginning to mill around. But what is just as important, is that stocks within groups are also acting differently. For example the rails appear to have made a top. Yet stocks like Atlantic Coast Line and Chicago & North Western (ctfs.) appear ready to start up again. I therefore suggest buying the first between 65½ and 66½, stop at 64; buy Chicago & N. W. ctfs. at market with a stop at 37.

* * *

The steels are about the only group which show no down signs. You have Big Steel; continue holding it. Suggest you add Jones & Laughlin between 24½ and 25½; stop at 23. Also hold A. M. Byers, bought at 19, stop 16.

* * *

The movies as a group look down. Yet Paramount, the positive member of the industry, acts higher. On the other end of the scale, 20th Fox looks lower. Any move in movie stocks should find Paramount the beneficiary. Buy the stock 29½ to 30½; stop at 28½.

* * *

Auto stocks all look lower. The bellwether of the decline will probably be General Motors. But the minor auto stocks, like Willys Overland, look up. So if you're interested in motors better concentrate on the so-called secondary stocks. Incidentally White Motors, which we're long of, is one of the better actors. Latter was bought at 29½. Stop remains at 28.

* * *

Everybody knows the airplanes are through. At least everybody in the customers' rooms. Belief is that the closer we come to V-J Day the closer the airplanes come to a top. Same belief was current before V-E Day. Yet, here we are seeing the group acting better than stocks which, according to common belief, are in for great times, come reconversion. Figure it out for yourself. Meanwhile you can be sure that the break has eliminated many of the weak accounts. There may be more setbacks before they start to go up again, but I feel reactions won't go far and next important move will be up.

* * *

More next Thursday.

—Walter Whyte

[The views expressed in this article do not necessarily at any time coincide with those of the Chronicle. They are presented as those of the author only.]

Personnel Items

(Special to The Financial Chronicle)

CINCINNATI, OHIO—**Leo F. Lutmer** has become associated with **C. H. Reiter & Co.,** Union Trust Building. In the past he was with W. L. Budde & Co.

(Special to The Financial Chronicle)

INDIANAPOLIS — **William P. Cargill** is with **Merrill Lynch, Pierce, Fenner & Beane,** Fletcher Trust Building.

(Special to The Financial Chronicle)

PORTLAND, MAINE—**Raymond W. Penfold** has become connected with **J. Arthur Warner & Co.,** 477 Congress Street. He was previously with Charles A. Day & Co., Inc.

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CHICAGO DETROIT PITTSBURGH
GENEVA, SWITZERLAND

A Swedish View of the Anglo-Swedish Trade Agreement

(Continued from page 519)

in payment for our export balance with England.

As regards the rate of exchange, the stabilization of the present rate of exchange holds no problem, of course, as long as the stability of the exchange rate between the pound and the dollar stands. The pound/dollar rate of exchange has been pegged during the war to $4.03 and may be expected to remain so long as the war lasts. Problem for our exchange policy arises only if this rate of exchange changes. Shall we, then, follow the pound, or shall we stand firm by our dollar-rate-of-exchange? In other words, does the agreement, now consummated with England, mean that we again have pegged our exchange to the pound, which we left in August, 1939? In that event, the consequence would be that we, again, would begin to build up our exchange reserves in pounds.

It appears that this has been the interpretation in England, if one may judge by English press comments on the subject. In the March 9 issue of the "Times" it is stated that:

"The implication of this agreement is obvious. The basis for the whole pre-war 'sterling area' —and it may not be forgotten that the sterling area was created simply to facilitate trade over as large an area as possible in times of acute exchange difficulties—was simply the member states' willingness to hold their reserve balances in sterling. Sweden now joins a steadily expanding group of nations which are ready to engage in a similar undertaking with the same purpose. The object is not to form an exclusive economic interest-group, but to expand that area within which trade can flow evenly without the injection of immediate problems concerning gold supplies and scarce exchange."

That Sweden has declared herself willing to accept "blocked" pounds for her export balance with England means, of course, the same thing as a Swedish credit to England, but a credit in pounds, not in crowns. Hence, the creditor carries the exchange risk. England has recently concluded a similar agreement with Belgium; the Belgian undertaking was limited, however. In the Swedish-English agreement no limitation has been reported, a fact which has been stressed as a decided forward step in the English press—which it is, of course, from the English point of view. The re-establishment of England's international payments position, dismantled during the war, is a very long-range undertaking. In the long run it can only be done through a great increase in exports, which presupposes sufficient breathing-time for an essential rationalization and expansion of the export industries.

Even though no limitation has been stated, there are, however, certain facts to go by in estimating the size of the amount which may be considered for the first 12-month period. In the bill, concerned with state credits to foreign countries (1945:139), it is proposed that the Riksbank purchase export exchange for a sum amounting to 250,000,000 crowns during the next fiscal year. This tallies approximately with the probable export balance. In the trade discussions with England, which were conducted in connection with the negotiations of the payments agreement, according to press reports, exports from Sweden valued at 500,000,000 crowns per year and exports from England value at 300,000,000 crowns per year, hence, a yearly Swedish export balance of 200,000,000 crowns, were assumed, it is believed.

Should the "blocked" pound credits threaten to become larger than we consider ourselves able to carry, there is always the possibility of limiting the risk involved by denouncing the agreement. This can, of course, take place at any time in view of the three-months period of denunciation.

Ensuing Consequences to Our Exchange Policies

At the present stage, we have of course not been able to formulate any definite decisions in regard to our future exchange-rate policies; instead, the payments agreement may be assumed to rest, for the present, on the assumption of an unchanged exchange rate between the pound and the dollar. Our most momentous interest lies in attaching the crown to a free exchange. If the pound were to decline in the future, in its relation to the dollar while the restrictions were to remain as regards the uses of the pound, we may take it for granted that we, in that case, would go go along with the dollar. In other words, this means that the payments agreement cannot be construed as a definite pegging to the pound. A continued attachment to the dollar must appear more as a matter of course from the Swedish point of view as long as the dollar, contrary to the pound, is a free world exchange which has its definite purchasing power in all markets.

After the war, the price level will obviously lie considerably higher in England than in the United States. Up until now, wholesale price increases have amounted to 70% in England and to 36% in the United States, according to index figures which are not exactly comparable, however. This implies, on the assumption of unchanged exchange rates, that it will be most profitable for us to export to England, but to import from the United States. Such a situation would, of course, lead to a very rapid depletion of our dollar reserves. It is obviously of paramount importance that we do not, to too great an extent, reduce our present reserves of free foreign purchasing mediums. Our Riksbank holdings of gold and foreign exchanged amounted to 2,036 million crowns in August, 1939, and has increased nominally during the war to 2,568 million crowns, as of last March. If the increase in wholesale prices, effected in the United States during this period, are taken into account, the actual value of the reserves has decreased, instead, to approximately 1,900 million crowns.

Our import potential from England and the other parts of the sterling area, will in all certainty be relatively limited during the most immediate post-war years. We had a very large export balance to the sterling area even before the war. For 1937-39, the average value of our exports to England amounted to 433,000,000 crowns, while the value of our imports from England stopped at 288,000,000 crowns. Our average exports to the more important countries in the sterling area against imports amounting to 73,000,000 crowns. Hence, we had a combined export balance of close to 150,000,000 crowns to the sterling area. Great Britain's delivery potential, for obvious reasons, will be reduced during the immediate post-war years. Furthermore, the demand for English goods will be very great from other holders of "blocked" pounds. We will, namely, not be alone in a situation of having to buy from England in order to get a return for our credits. Large "blocked" pound credits have been accumulated for the accounts of the sterling countries during the war in liquidation for large deliveries of goods from these countries and other extensive services to England during the war. At the end of 1944, these credits were estimated to amount to approximately 3,000 million pounds of which more than one-half fell on British India. In comparison it may be mentioned that 15 sterling countries' combined exchange reserves in London only amounted to 216,000,000 pounds at the end of 1938. (This figure, which is taken from the League of Nations' "International Currency Experiences" [Princeton 1944] embraces the following countries: Australia, Denmark, Egypt, Eire, Latvia, Finland, Lithuania, India, New Zealand, Norway, Palestine, Portugal, Sweden, Thailand and the Union of South Africa.)

It is, of course, not at all certain that we will have to place ourselves on a par with England's other creditors. There is, of course, a fundamental difference between those pound credits which have been accumulated during the war and such pound credits which arise because of voluntary commercial obligations during the post-war period. A certain measure of priority does not seem unreasonable when it is a question of obtaining coverage for these latter credits through deliveries of goods. Judging by English press comments pertaining to the agreement, this opinion appears to have support, to a certain extent, on the English side. In the March 9 issue of the "Times," it is stated as follows:

"It is necessary to guarantee that no country is placed in an unfavorable position by entering into such agreements (as the Swedish-English). Sweden will only be one of many countries which, together, will hold an enormous amount of pound credits. For the largest portion of these credits there are no expressed obligations, whatsoever, concerning their redemption or otherwise. It is important that pound credits, which ensue through formal payments agreements, receive an, at least, equally favored status in practice. They must not receive a less, but instead, preferably a more favorable treatment than such credits which have been accumulated during the war."

We must willingly extend our help to England in her reconstruction work by export credits. Due to our traditional trade connections with England and because of the great importance which the English market undoubtedly will hold for us in the future, as well, this lies, not least, in our own interest. But it does not follow that a direct pegging of the crown to the pound is desirable under all circumstances. In order to avoid the dwindling of our reserves too much, we must also strive to increase our exports to countries with free exchanges; that is, mainly to the United States and to countries which base their exchange on the dollar. A continued pegging to the dollar may, hence, appear to be a matter of course. The loss which we may suffer, thereby, in the case of a possible devaluation of the pound at a time when we hold large pound credits, may not be a deciding motive for our exchange policies. In a situation of that kind, we should not, because of short-sighted niggardliness, inveigle ourselves into letting the crown follow the pound, even though such expedient, perhaps, should seem more favorable.

If developments in England should lead to the freezing of present restriction policies for an undermined period, it would constitute another, and much more important reason why a more definite attachment to the pound is not desirable from our point of view. It is, namely, to be feared that we, too, in that case would have to agree to retain our exchange restrictions. In the interest of our foreign trade, we must strive to return to a free exchange as rapidly as possible. The United States finds herself in a position where such return can be expected to take place, there, much earlier than in England.

Bilateral and Multilateral Trade

It has been stressed with a certain eagerness in English press comments that the Swedish-English agreement does not conflict with the Bretton Woods plan. It is, however, obvious that in its character of a bilateral agreement aiming at what in the Bretton Woods plan has been branded as "discriminatory currency arrangements," it does conflict with the system which the plan ultimately aims at. How to deal with the whole problem of the "blocked" sterling credits constituted one of the most important subjects of contention at the Bretton Woods conference. However, it was decided that the question be left out altogether. The only step that was taken towards its solution was the concession that a country, which found it necessary, should be allowed to retain exchange control during a certain transition period of three to five years after the war. We now refrain from passing an opinion on as to whether England, during this short transition period, will be successful in such sweeping rationalization of its international currency that a free conversion of pounds into dollars could be sanctioned. In this connection there may be reason to direct attention to the "multilateral clause" which has been inserted in the Swedish-English agreement. It says, namely, that "to the extent that opportunity offers itself," it shall, for one thing, be possible for the respective governments to place Swedish crowns at the disposal of persons in the sterling area and pounds at the disposal of persons in Sweden for payments to persons in an outside country, and, secondly, that it shall be possible for persons in an outside country to use their pound credits for payments to Sweden; that is, their crown credits for payments in the sterling area.

It is difficult to form a clear understanding of the concrete considerations on which this clause in the agreement are based. There is, however, every reason to fear that, to the extent that it will be applied, it will mean rather an increase than a reduction in our "blocked" pound credits. Certain speculations in the Finnish periodical, "Talouselania" of March 16, are illuminating in this respect. The periodical presumes that it will be possible for Finland to pay for Finnish imports of such goods from Sweden, which are indispensable to the Finnish economy and, above all, to meet reparation payments to the Soviet Union with pound exchange which derives from Finnish exports to England. In this way Finland would be spared from "blocked" pound credits and Sweden would be spared from extending direct credits to Finland. If continued Swedish credit grants to Finland, in some form or another, are taken for granted, it is obviously in itself at least equally favorable for us to be holders of pounds as of claims on Finland. However, such arrangements must arouse certain apprehensions. Even on the basis of the expected Swedish export balance with England, our "blocked" pound credits will probably be very considerable, as we already have pointed out, and any further extension could be looked upon as a considerable burden. Furthermore, the Finnish exports to England would thereby be placed in a much more favorable position than the Swedish and, hence, the arrangement could not, from our point of view, be accepted without a closer cooperation in regard to actual sales policies.

Great Britain and the rest of the sterling area constitute a very important market for our exports as well as for our imports during normal times. Hence, in itself, it must be greeted with the greatest satisfaction that the methods of meeting payments between Sweden and the sterling area now have been adjusted for the most immediate post-war years. By the Swedish-English payments agreement, we have demonstrated our willingness to cooperate in the re-establishment of the status of the pound and, thereby, to the solution of the whole exchange problem. This does not mean, however, that we may close our eyes to the problems which the agreement raises for our foreign trade and for our international economic relations in general. That we, within the limits of our abilities, extend credits to England is, as already stated, altogether as it should be. It is also to be hoped that the payments agreement is afforded this limited interpretation and is not accepted as the taking of a definite position for our exchange policies after the war.

The Anglo-Turkish Trades and Payments Agreement

(Continued from page 519)

at the request of or with the consent of the Central Bank acting as agent of the Government of the Turkish Republic, to make sterling at the disposal of residents of such other countries available for current payments to "Turkish Accounts."

Article 5

To the extent to which the Central Bank require sterling area currencies, other than sterling, for the purpose of providing for payments in the countries where such currencies are legal tender, the Central Bank shall purchase them through the Bank of England against payment in sterling.

Article 6

Any sterling held by the Central Bank shall be invested only as may be agreed by the Bank of England, and any Turkish pounds held by the Bank of England shall be invested only as may be agreed by the Central Bank.

Article 7

The amounts payable by the Government of the Turkish Republic to the "Commodities Account" in accordance with the Guarantee Agreement of the 27th May, 1938,(2) as amended by the Supplementary Guarantee Agreement of the 3rd February, 1940, and with any supplementary Agreement amending the said Agreements of the 27th May, 1938, and the 3rd February, 1940, shall continue to be paid to the "Commodities Account" and governed by the provisions of those Agreements.

Article 8

(i) If, during the currency of the present Agreement, either of the two Contracting Parties becomes a party to a general international monetary agreement, they will consult together in order to review the terms of the present Agreement with a view to making any amendments that may be required.

(ii) During the currency of the present Agreement, the Contracting Parties shall cooperate to apply it with the necessary flexibility according to circumstances. The Bank of England and the Central Bank, as agents of their respective Governments, will maintain contact on technical questions arising out of the Agreement and on exchange control matters affecting the sterling area and Turkey.

Article 9

For the purposes of the present Agreement—

(i) The expression "Turkish Account" means any sterling account in the name of a resident of Turkey with a bank in the United Kingdom which has, in accordance with the provisions of this Agreement, been designated as a Turkish Account for the purposes of the Exchange Control Regulations in force in the United Kingdom.

(ii) The expression "the sterling area" shall have the meaning from time to time assigned to it by the Exchange Control Regulations in force in the United Kingdom. No change in the list of countries comprised in the sterling area shall have effect, for the purposes of the present Agreement, until it has been communicated to the Central Bank by the Bank of England.

In the event of a substantial change in the list of countries comprised in the sterling area, the Contracting Parties will examine the changes which might have to be made in the provisions of the present Agreement.

(iii) Transactions between the Bank of England and the Central Bank are to be considered as transactions between the sterling area and Turkey.

(iv) Transactions entered into by the Government of the Turkish Republic or by the Government of any territory within the sterling area are to be considered as transactions entered into by a resident in Turkey, or by a resident in the sterling area, as the case may be.

Article 10

Goods grown, produced or manufactured in the United Kingdom or in Turkey shall be admitted for importation into Turkey or into the United Kingdom respectively, in conformity with the legislation governing imports into the importing country at the time of importation.

Article 11

The Government of the United Kingdom will do their best, having regard to the general export situation in the United Kingdom, to satisfy the internal industrial and economic requirements of Turkey, and, having regard to the general import situation in the United Kingdom, to grant facilities for the importation of Turkish goods into the United Kingdom.

Article 12

(i) In the event of quantitative limitations being imposed on imports into the United Kingdom, equitable treatment shall be accorded to articles grown, produced or manufactured in Turkey.

(ii) The Government of the United Kingdom undertake that, in the event of their deciding to regulate the quantity of the imports into the United Kingdom of any agricultural products of Turkey, they will not make allocations between countries of the total permitted imports without first giving the Government of the Turkish Republic an opportunity of discussing the matter with a view to the allocation to Turkey of an equitable share of the permitted foreign imports.

Article 13

The present Agreement shall come into force on the 21st May, 1945, and remain in force until 30th April, 1946. Thereafter, unless notice of termination is given by one of the Contracting Parties to the other at least three months before the 30th April, 1946, it will remain in force for successive periods of twelve months unless notice of termination is given by one Contracting Party to the other not later than three months before the end of any such period.

In Witness whereof the undersigned, being duly authorized to that effect, have signed the present Agreement and have affixed thereto their seals.

Done in duplicate in London this fourth day of May, 1945, in the English language. A translation shall be made into the Turkish language as soon as possible and agreed between the Contracting Parties. Thereafter both texts shall be considered to be equally authentic for all purposes.

(L.S.) Richard Law.
(L.S.) M. C. Acikalin.
(L.S.) Cahid Zamangil.

PROTOCOL

At the moment of signing of the Trade and Payments Agreement of this day's date, the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the Turkish Republic desire to place on record that they have agreed upon the following provisions, which shall continue in effect so long as the said Agreement remains in force:—

I. The Agreement of the 3rd February, 1940,(3) amending the Treaty of Commerce and Navigation signed at Ankara on the 1st March, 1930,(4) shall continue to have effect, with the substitution in Article 2 and Article 3 thereof of references to the Trade and Payments Agreement signed this day for references to the Trade and Payments Agreement signed in London on the 3rd February, 1940.

II. With reference to Article 2 of the Agreement of today's date:—

(a) Upon the entry into force of the Agreement, all existing Turkish Special Accounts shall be redesignated "Turkish Accounts."

(b) The Central Bank of the Republic of Turkey (hereinafter called the Central Bank) will inform the Bank of England of any new "Turkish Accounts" which it may open in its name with other banks in the United Kingdom.

(c) (i) Other residents of Turkey may, with the agreement of the Central Bank and of the Bank of England, open "Turkish Accounts" with banks in the United Kingdom.

(ii) Nevertheless, the Bank of England will not be required to obtain the agreement of the Central Bank for the opening in the names of residents in Turkey of accounts, into which may be paid sums not resulting from current commercial and financial transactions between Turkey and the sterling area. The Bank of England will do its best to secure that such accounts will not be credited with the proceeds of goods of Turkish origin or imported from Turkey, with payments for services rendered by residents in one country to residents in the other, with the proceeds of the encashment of coupons or securities sold and sent from Turkey, with maintenance payments or with premia relating to or claims paid in respect of insurance of goods, &c.

(d) All payments by residents in the sterling area to residents in Turkey, except those referred to in Article 7 of the Trade and Payments Agreement of this day's date and those referred to in paragraph *(c)* (ii) above, shall be made to "Turkish Accounts."

III. With reference to Article 3 of the Agreement, the rate of premium applied by the Government of the Turkish Republic to the pound sterling for certain operations will not be lowered while the present Agreement is in force but the Government of the Turkish Republic reserves the right to increase the rate of premium to such extent as it may judge to be in accordance with its interests.

IV. The Government of the Turkish Republic will do its best, within the framework of the Exchange Regulations in force in Turkey, to secure that payment for goods exported from the United Kingdom into Turkey can be made in accordance with the terms agreed upon between the buyers and sellers, in so far as the import of the goods concerned has been authorized.

The Government of the United Kingdom will accord corresponding facilities for payment for goods imported into the United Kingdom from Turkey.

V. Where goods exported from Turkey to the sterling area are sold f.o.b. and carried on a vessel owned by or chartered to a resident in a third country outside the sterling area and the freight is paid by the Turkish exporter on behalf of the purchaser, the Government of the United Kingdom will raise no objection to the reimbursement to the resident concerned in Turkey of the freight in the currency of the country of residence of the owners of the vessel or of the charterers of the vessel, as the case may be.

Where goods exported from the sterling area to Turkey are sold f.o.b. and carried on a vessel owned by or chartered to a resident in a third country outside the sterling area and the freight is paid by the exporter in the sterling area on behalf of the purchaser, the Government of the Turkish Republic will raise no objection to the reimbursement to the resident concerned in the sterling area of the freight in the currency of the country of residence of the owners of the vessel or of the charterers of the vessel, as the case may be.

VI. With reference to Article 4 of the Agreement of today's date, 20% of the sterling, bought by the Central Bank from residents in Turkey and representing the amount received for goods of Turkish origin imported into the United Kingdom (other than goods the proceeds of which are payable in accordance with the provisions of Article 7 of the Agreement), shall be placed by the Central Bank to the credit of a sub-account of the Central Bank's "Turkish Account" at the Bank of England. The amounts standing to the credit of this sub-account will be used for the transfers referred to in paragraph (i) (c) of Article 4 of the Agreement subject to the provisions of that paragraph and, if not so used, for payments and transfers referred to in paragraphs (i) *(a)* and *(b)* of the same article.

VII.—(i) Residents in the United Kingdom, who have sums standing to their credit in Turkey and who have registered them with the Central Bank under Decree No. 2/18669 before the coming into force of the Trade and Payments Agreement signed today, or shall so register them within three months of the coming into force of that Agreement, may, within a maximum period of 12 months from today's date, utilize such sums for the purchase and export to the United Kingdom of mohair and valonea, or sell such sums to other persons with a view to their being utilized for the purchase and export of mohair and valonea, without being obliged to pay 40% of the sterling proceeds to the "Turkish Account" of the Central Bank.

(ii) Residents in the United Kingdom, who have sums standing to their credit in Turkey and have registered them with the Central Bank under Decree No. 2/18669, whether before or after the date referred to in paragraph (i) above, may utilize such sums for the purchase and export to the United Kingdom of goods of Turkish origin, enumerated in the Second Schedule to the Trade and Payments Agreement signed on the 3rd day of February, 1940, provided that 40% of the sterling proceeds of such goods are paid to the "Turkish Account" of the Central Bank; the balance of 60% shall be at the disposal of the resident in the United Kingdom on whose behalf the purchase was made. The provisions of this paragraph shall be subject to review and adjustment between the Contracting Parties.

VIII. With reference to Article 7 of the Agreement of today's date, the Government of the United Kingdom will do its best to facilitate through banking channels the payment to the "Commodities Account" of 100% of the value of the commodities referred to in the first paragraph of Article 3 of the Supplementary Guarantee Agreement of the 3rd February, 1940. The Government of the Turkish Republic will be responsible for implementing its guarantee for the payment to the "Commodities Account" of 20% of

(Continued on page 543)

DIVIDEND NOTICES

Atlas Corporation

Dividend on Common Stock

NOTICE IS HEREBY GIVEN that a dividend of 25¢ per share has been declared on the Common Stock of Atlas Corporation, payable September 10, 1945, to holders of such stock of record at the close of business August 15, 1945.

Dividend No. 36
on 6% Preferred Stock

NOTICE IS HEREBY GIVEN that a dividend of 75¢ per share for the quarter ending August 31, 1945, has been declared on the 6% Preferred Stock of Atlas Corporation, payable September 1, 1945, to holders of such stock of record at the close of business August 15, 1945.

WALTER A. PETERSON, *Treasurer*
July 31, 1945.

THE ATLANTIC REFINING CO.

COMMON DIVIDEND NUMBER 160

At a meeting of the Board of Directors held July 30, 1945, a dividend of thirty-seven and one-half cents (37½c) per share was declared on the Common Stock of the Company, payable September 15, 1945, to stockholders of record at the close of business August 21, 1945. Checks will be mailed.

W. M. O'CONNOR
July 30, 1945 *Secretary*

Borden's

DIVIDEND No. 142

An interim dividend of forty cents (40¢) per share has been declared on the capital stock of ***The Borden Company,*** payable September 1, 1945 to stockholders of record at the close of business August 11, 1945.

E. L. NOETZEL
July 31, 1945 *Treasurer*

BUTLER BROTHERS

The Board of Directors has declared the regular quarterly dividend of One Dollar and twelve and a half cents ($1.12½) per share on Cumulative Preferred Stock, 4½% Series, and a dividend of fifteen cents (15c) per share on Common Stock, both payable September 1, 1945, to holders of record at the close of business August 2, 1945. Checks will be mailed.

EDWIN O. WACK
Secretary
July 24, 1945

DIVIDEND NOTICES

THE FLINTKOTE COMPANY

30 Rockefeller Plaza
New York 20, N. Y.
August 1, 1945

Preferred Stock

A quarterly dividend of $1.00 per share has been declared on the $4 Cumulative Preferred Stock of this corporation, payable on September 15, 1945 to stockholders of record at the close of business September 1, 1945. Checks will be mailed.

Common Stock

A dividend of $.15 per share has been declared on the Common Stock of this corporation, payable on September 12, 1945 to stockholders of record at the close of business August 29, 1945. Checks will be mailed.

CLIFTON W. GREGG,
Treasurer

OTIS ELEVATOR COMPANY

PREFERRED DIVIDEND No. 187
COMMON DIVIDEND No. 151

A quarterly dividend of $1.50 per share on the Preferred Stock and a dividend of 25¢ per share on the no par value Common Stock have been declared, payable September 20, 1945, to stockholders of record at the close of business on August 22, 1945.

Checks will be mailed.

C. A. SANFORD, *Treasurer*
New York, July 25, 1945.

EATON MANUFACTURING COMPANY

Cleveland, Ohio

DIVIDEND NO. 82

The Board of Directors of Eaton Manufacturing Company has declared a dividend of Seventy-five Cents (75c) per share on the outstanding common stock of the Company, payable August 25, 1945, to shareholders of record at the close of business August 6, 1945.

July 24, 1945
H. C. STUESSY,
Secretary & Treasurer

WOODALL INDUSTRIES, INC.

A dividend of 15c per share on the Common Stock has been declared, payable September 15, 1945, to stockholders of record September 1, 1945.

M. E. GRIFFIN,
Secretary-Treasurer.

ANACONDA COPPER MINING CO.

25 Broadway
New York 4, N. Y., July 26, 1945
DIVIDEND NO. 149

The Board of Directors of the Anaconda Copper Mining Company has declared a dividend of Fifty Cents (50¢) per share upon its Capital Stock of the par value of $50 per share, payable September 26, 1945, to holders of such shares of record at the close of business at 3 o'clock P.M., on August 31, 1945.

C. EARLE MORAN, Secretary

LIQUIDATION NOTICE

The Farmers & Merchants National Bank of Eureka, located at Eureka in the State of Nevada, is closing its affairs. All note holders and other creditors of the association are therefore hereby notified to present the notes and other claims for payment.

Dated: June 16, 1945.

C. L. TOBIN, Cashier.

Kittrell in New Post

Colonel Clark Kittrell, Corps of Engineers, U. S. Army, has been named Executive Officer of the Army-Navy Liquidation Commissioner's Office, Mr. Thomas Bayard McCabe, Liquidation Commissioner, announced.

Calendar Of New Security Flotations

NEW FILINGS

List of issues whose registration statements were filed less than twenty days ago, grouped according to dates on which registration statements will in normal course become effective, unless accelerated at the discretion of the SEC.

SUNDAY, AUG. 5

ANCHORAGE HOMES, INC. on July 17 filed a registration statement for 505,000 shares of Class A capital stock, par $1, and 250,000 shares of Class B stock, par 10 cents.

Details—See issue of July 26.

Offering—There is to be presently offered to the public 250,000 shares of Class A and 50,000 shares Class B to be offered in units of 10 shares of Class A and 2 shares of Class B at a price of $60.20 per unit.

Underwriters—Andre de Saint-Phalle & Co., heads the underwriting group.

MONDAY, AUG. 6

W. T. GRANT CO. on July 18 filed a registration statement for 150,000 shares of cumulative preferred stock, $100 par. The dividend rate will be filed by amendment.

Details—See issue of July 26.

Offering—Holders of company's outstanding 5% cumulative preferred stock will be given an opportunity by the underwriters to acquire the new preferred stock at public offering price in exchange for present shares by offering their present shares which will be received at the redemption price of $22 per share plus accrued dividends. Offering price will be filed by amendment.

Underwriters—Lehman Brothers is named principal underwriter.

SATURDAY, AUG. 11

SOLAR MANUFACTURING CORP. on July 23 filed a registration statement for $1,500,000 5% 15-year sinking fund debentures due Aug. 1, 1960; five-year common stock purchase warrants to purchase 57,500 shares and a like amount of common shares issuable upon the exercise of the warrants. The company proposes to sell the debentures plus 20,000 warrants to an underwriting group headed by Van Alstyne, Noel & Co. Each $1,000 debenture will have attached a non-detachable warrant entitling the holders to purchase 25 shares of common.

Details—See issue of July 26.

Offering—The price per unit to the public will be 100.

Underwriters—Van Alstyne, Noel & Co. heads the underwriting group.

SUNDAY, AUG. 12

VIRGINIA RED LAKE MINES, LTD., has filed a registration statement for 220,000 shares of capital stock, par $1 (Canadian).

Address—26 Adelaide Street W., Toronto, Ontario.

Business—Mining company.

Offering—The offering price to the public is 60½ cents Canadian or 55 cents United States funds.

Proceeds—For preliminary exploration, drilling, engineering and assaying, etc.

Underwriters—Willis E. Burnside & Co., New York.

Registration Statement No. 2-5837. Form S-3. (7-24-45).

MONDAY, AUG. 13

MONTANA-DAKOTA UTILITIES CO. has filed a registration statement for 223,351 4-6 shares of common stock (par $5).

Address — 831 Second Avenue, South, Minneapolis, Minn.

Business—Public utility.

Offering—Price to the public will be filed by amendment.

Proceeds—The net proceeds from the sale of the stock will be applied to the payment of bank indebtedness temporarily incurred to finance the purchase of the outstanding securities of Dakota Public Service Co. from United Public Utilities Corp. when consummated.

Underwriters—To be filed by amendment.

Registration Statement No. 2-5838. Form S-1. (7-25-45).

TUESDAY, AUG. 14

ROCKLAND GAS CO., INC., has filed a registration statement for 30,500 shares of common stock, (no par). The shares are issued and outstanding and do not represent new financing.

Address — 40 Lawrence Street, Spring Valley, N. Y.

Business—Operating public utility.

Offering—The price to the public will be filed by amendment.

Proceeds—All of the shares of stock offered are issued and outstanding and are being sold by General Water Gas & Electric Co. which will receive the proceeds from the sale.

Underwriters—The principal underwriters are Butcher & Sherrerd, Putnam & Co., Chas. W. Scranton & Co., Battles & Co., Inc. and Southern Securities Corp.

Registration Statement No. 2-5839. Form S-2. (7-26-45).

NOMA ELECTRIC CORP. has filed a registration statement for 247,361 shares of common stock, par $1.

Address—55 West 13th Street, New York, N. Y.

Business—One of the largest manufacturers in the world of Christmas lighting decorations and manufacture and sale of toys and household and marine type heaters, etc.

Underwriters—None.

Offering—Company is offering its common stock to stockholders of Triumph Industries, Inc., formerly known as Triumph Explosives, Inc., on the basis of two shares of Triumph common, $2 par, for one share of Noma. Ansonia Electrical Co., a wholly-owned subsidiary of Noma, owns 200,000 shares of the common stock of Triumph. The offer of Noma is conditioned upon the acceptance of the offer by the holders of at least 80% of the stock of Triumph within the time period designated. The result of the exchange offer, when effective, will be to convert Triumph into a controlled subsidiary of Noma as of July 31, 1945, notwithstanding the fact that the exchange offer will not be consummated until a later date, the statement said. Assuming all of the shares of Triumph are exchanged pursuant to the order the shares of Triumph will be recorded on the books of the company at $3,626,682. Triumph has 494,722 shares of common stock outstanding.

Purpose—For exchange of stock.

Registration Statement No. 2-5840. Form S-1. (7-26-45).

WEDNESDAY, AUG. 15

WESTERN LIGHT & TELEPHONE CO., INC., has filed a registration statement for $6,200,000 first mortgage bonds, Series A, due July 1, 1975. The interest rate will be filed by amendment.

Address—Huron Building, Kansas City, Kan.

Business—The company is the surviving company resulting from the merger of Western Light & Telephone Co. into the Kansas Power Co. Public utility.

Offering—Price to the public will be filed by amendment, after the bonds are offered for sale at competitive bidding.

Proceeds—The proceeds will be used to redeem at 104½ the $5,000,000 Kansas Power first mortgage bonds, Series A, 4%, due July 1, 1964, and at 105 the $1,189,000 first mortgage and collateral 3¾% bonds, Series B, due May 1, 1965, of Western Light & Telephone Co.

Underwriters—To be filed by amendment.

Registration Statement No. 2-5841. Form S-1. (7-27-45).

HAMILTON RADIO CORP. has filed a registration statement for 150,000 shares of its common stock, par $1, of which 100,000 shares are to be offered presently to the public and 50,000 shares reserved for the conversion of warrants, and 50,000 common stock purchase warrants.

Address—510 Sixth Avenue, New York, N. Y.

Business—Radio and electronic equipment.

Offering—The common stock is being offered to the public at $5.75 per share. The common stock warrants entitle holder to purchase shares at $5.75 per share before Aug. 1, 1950. The company proposes to sell 30,000 of the warrants to underwriters, 15,000 to Adolphe A. Juviler, President and Treasurer, and 5,000 to Percy L. Schoenen, Vice President and Secretary, at 10 cents each.

Proceeds—The net proceeds from sale of stock and warrants estimated at $454,000 will be added to working capital in preparation of post-war activities and for general corporate purposes.

Underwriters—Van Alstyne, Noel & Co. is principal underwriter.

Registration Statement No. 2-5842. Form S-2. (7-27-45).

THURSDAY, AUG. 16

CUDAHY PACKING CO. has filed a registration statement for 100,000 shares of cumulative preferred stock ($10 par.) The dividend rate will be filed by amendment.

Address—221 North LaSalle Street, Chicago, Ill.

Business—Meat packing business, etc.

Offering—Holders of the 85,505 outstanding shares of 6% and 7% cumulative preferred stock may exchange their stock on a share for share basis for the new preferred, with a cash adjustment. Shares of the new stock not issued under the exchange offer together with the remaining 14,495 shares are to be sold to underwriters. The public offering price will be filed by amendment.

Purpose—The purpose of the issue is to retire all of the presently outstanding 20,000 shares of 6% and 65,505 shares of 7% cumulative preferred stock and to provide working capital. Any shares of 6% and 7% preferred not exchanged will be called for redemption on Nov. 1, 1945, at $103 and $108.50 per share, respectively.

Underwriters—Goldman, Sachs & Co. is named principal underwriter.

Registration Statement No. 2-5843. Form S-1. (7-28-45).

PUBLICKER INDUSTRIES INC. has filed a registration statement for 100,000 shares of cumulative preferred stock (no par). The dividend rate will be filed by amendment.

Address—1429 Walnut Street, Phila., Pa.

Business—Production and distribution of industrial chemicals and production and distribution of alcoholic beverages, etc.

Offering—The offering price to the public will be filed by amendment.

Proceeds—Part of the cash proceeds will be used for the retirement of bank loans and the remainder will be added to the working capital of the company and will be used to finance the increased volume of business of the company and its subsidiaries, to finance accounts receivable or applied to other corporate purposes.

Underwriters — Merrill Lynch, Pierce, Fenner & Beane heads the underwriting group, with names of others to be filed by amendment.

Registration Statement No. 2-5844. Form S-1. (7-28-45).

SATURDAY, AUG. 18

J. J. NEWBERRY CO. has filed a registration statement for 100,000 shares of preferred stock (par $100). The dividend rate will be filed by amendment.

Address—245 Fifth Avenue, New York, N. Y.

Business—Corporation and its subsidiaries operate 491 retail stores in 45 states, selling a variety of merchandise.

Offering—The price to the public will be filed by amendment. The underwriters are expected to offer to holders of the 50,986 shares of Series A 5% preferred stock an opportunity to exchange such shares for the new preferred stock on a share for share basis with adjustments. Public offering of the unexchanged portion of the issue will be made.

Proceeds—The net proceeds of the financing will be used to redeem all of the outstanding Series A 5% preferred stock and to advance to J. J. Newberry Realty Co., a wholly-owned subsidiary, an amount sufficient to redeem all of its outstanding preferred stock. The balance of net proceeds will be added to the general funds of J. J. Newberry Co.

Underwriters—Kidder, Peabody & Co. heads the underwriting group.

Registration Statement No. 2-5845. Form A-2. (7-30-45).

CENTRAL ELECTRIC & GAS CO. has registered 65,000 shares of 4.75% cumulative preferred stock, Series A, par $50.

Address—Sioux Falls Gas Building, Sioux Falls, S. D.

Business—Public utility.

Offering—The company will offer the new 4.75% preferred in exchange for its presently outstanding 6% cumulative preferred stock on a share for share basis. The unissued shares will be sold to the underwriters who will offer them to the public at a price to be filed by amendment.

Purpose—To retire presently outstanding 6% cumulative preferred stock. Following consummation of the exchange proposal all shares of the 6% cumulative preferred not exchanged will be redeemed at $52.50 per share plus accrued dividends.

Underwriters — The underwriting group is headed by Paine, Webber, Jackson & Curtis and Loewi & Co.

Registration Statement No. 2-5846. Form S-1. (7-30-45).

DATES OF OFFERING UNDETERMINED

We present below a list of issues whose registration statements were filed twenty days or more ago, but whose offering dates have not been determined or are unknown to us.

ACF-BRILL MOTORS CO. on June 30 filed a registration statement for 190,464½ warrants. The warrants are issued and outstanding and are being sold by American Car & Foundry Investment Corp.

Details—See issue of July 12.

Offering—The warrants entitle the holder to subscribe to the common stock of the company. The selling stockholder, American Car & Foundry Investment Corporation, proposes to offer the warrants for sale to the public commencing approximately Aug. 1, 1945, with the price to be determined from day to day by market sales of the warrants.

Underwriters—None mentioned.

AMERICAN ENGINEERING CO. on Feb 27 filed a registration statement for $3,000,000 5% 15-year sinking fund debentures due 1960 and 200,000 shares of common stock. Of the stock registered 132,000 shares are issued and outstanding and being sold by stockholders.

Details—See issue of March 8.

Offering—The debentures will be offered at 100 and the common stock at $7.50 per share

Underwriters—Van Alstyne, Noel & Co heads the underwriting group, with the names of others to be supplied by amendment.

BROOKLYN BOROUGH GAS CO. on July 10 filed a registration statement for $3,640,000 first mortgage bonds due Aug. 1, 1970. The interest rate will be filed by amendment.

Details—See issue of July 19.

Offering—The price to the public will be filed by amendment.

Underwriters—The bonds will be offered for sale at competitive bidding and the names of underwriters filed by amendment.

BROOKLYN BOROUGH GAS CO. July 11 filed a registration statement for 15,000 shares cumulative preferred stock. The stock will be sold at competitive bidding and the dividend rate filed by amendment.

Details—See issue of July 19.

Offering—Price to public to be filed by amendment.

Underwriters—To be filed by amendment.

EASTERN GAS & FUEL ASSOCIATES on June 29 filed a registration statement for $40,000,000 first mortgage and collateral trust bonds due 1965. Interest rate will be filed by amendment.

Details—See issue of July 5.

Offering—Price to public will be filed by amendment.

Underwriters—Bonds will be sold at competitive bidding and names of underwriters will be filed by amendment.

Bids for Bonds Asked—Company is inviting bids for the purchase of the bonds. Bids will be received at Room 1208, 250 Stuart St., Boston 16, Mass., before 12 noon EWT on Aug. 16, the successful bidder to specify the coupon rate.

CENTRAL OHIO LIGHT & POWER CO. on Dec. 28 filed a registration statement for 11,972 shares of preferred stock, cumulative ($100 par). The dividend rate will be filed by amendment.

Details—See issue of Jan. 4, 1945.

Offering—Company proposes to invite proposals for services to be rendered to it in obtaining acceptances of the exchange offer of new preferred stock for old preferred and for the purchase from it of such of the 11,972 shares as are not exchanged pursuant to the exchange offer.

COMMERCIAL CREDIT CO. on June 7 filed a registration statement for 250,000 shares of preferred stock ($100 par). Dividend rate will be filed by amendment.

Details—See issue of June 14.

Offering—Company is offering the holders of the 121,938 shares of 4¼% cumulative convertible preferred stock to exchange their stock, share for share, for the new preferred. The underwriters have agreed to purchase any of the 250,000 shares of preferred not issued in exchange for outstanding preferred. Company will call any of the old preferred at $105 per share plus accrued dividends.

Underwriters —Kidder, Peabody & Co and First Boston Corp. are named principal underwriters.

CONTAINER ENGINEERING CO. on June 15 filed a registration statement for 25,000 shares common stock (par $10).

Details—See issue of June 21.

Offering—Price to the public is given as $35 per share.

Underwriters—William L. Ullrich, St. Louis, will manage the sale of the entire issue.

COVENTRY GOLD MINES, LTD. on April 21 filed a registration statement for 333,333 shares of common stock.

Details—See issue of April 26.

Offering—Price to the public is 30 cents per share.

Underwriters—None named. The company proposes to market its own securities

EVERSHARP, INC., on July 9 filed a registration statement for 32,500 shares of common stock, par $1. Shares are issued and outstanding and are being sold for the account of certain stockholders.

Details—See issue of July 19.

Offering—The price to the public will be filed by amendment.

Underwriters—Lehman Brothers heads the underwriting group.

FERRO ENAMEL CORP. on June 30 filed a registration statement for 58,264 shares of common stock, par $1.

Details—See issue of July 12.

Offering—Company offered to common stockholders of record July 19 the right to subscribe to the new common at the rate of one share for each four shares held at $20.50 per share. Rights expired Aug. 1. Unsubscribed shares will be sold to underwriters for offering to the public.

Underwriters—Maynard H. Murch & Co. heads the underwriting group.

GASPE OIL VENTURES, LTD., on May 8 filed a registration statement for 1,500,000 shares of common stock ($1 par) and 200,000 common share purchase warrants and 200,000 shares of common reserved for warrants.

Details—See issue of May 17.

Business—Exploration and development of oil wells.

Offering—Price to the public is 60 cents per share. The underwriter will receive purchase wararnts for the purchase of 2,000 shares of common for each 15,000 shares of common stock sold in the offering at a price of 45 cents per share.

Underwriter—Tellier & Co.

A. HARRIS & CO. on April 23 filed a registration statement for 7,000 shares of 5½% cumulative preferred stock (par $100).

Details—See issue of April 26.

Offering—The new preferred will be offered initially to the common stockholders at $100 per share on the basis of one share of preferred for each share of common. Any shares not subscribed will be offered pro rata to the former holders of the 7% preferred shares which shares have been called for redemption on May 1, 1945. Any balance will be offered to the public by the underwriter at $102.

Underwriters—Dallas Rupe & Son of Dallas, Texas.

JOHNS-MANVILLE CORP. on June 29 filed a registration statement for 170,000 shares of 3½% cumulative preferred stock (par $100) and 170,000 shares of common, reserved for issuance upon conversion of the 3½% cumulative preferred stock.

Details—See issue of July 5.

Offering—Company is offering to common stockholders of record July 21 rights to subscribe to new preferred at $100 per share on basis of one share of preferred for each five shares of common. Warrants will expire at noon on Aug. 4, 1945. Unsubscribed stock will be purchased by the underwriters and sold to the public.

Underwriters—Underwriters are: Morgan Stanley & Co., Clark, Dodge & Co., Dominick & Dominick, First Boston Corp. Harriman Ripley & Co., Inc., Hornblower & Weeks, Kidder, Peabody & Co., Merrill Lynch, Pierce, Fenner & Beane, F. S. Moseley & Co., Paine, Webber, Jackson & Curtis, Smith, Barney & Co., Union Securities Corp., White, Weld & Co., Dillon, Read & Co., Inc., and Kuhn, Loeb & Co.

KINGS COUNTY LIGHTING CO. on July 6 filed a registration statement for $4,200,000 first mortgage bonds due 1975.

Details—See issue of July 12.

Offering—The price to the public will be filed by amendment.

Underwriting—The bonds are to be offered for sale under the Commission's competitive bidding rule.

Bids for Bonds Asked—Company is inviting tenders for the purchase of the bonds. Bids will be received at City Bank Farmers Trust Co., 22 William St., New York 15, N. Y. up to 11 a.m. EWT Aug. 6, the successful bidder to specify the interest rate.

MARICOPA RESERVOIR & POWER CO. on June 29 filed a registration statement for $3,343,500 4% income debentures due May 1, 1970, and $4,458 shares of common stock, no par.

Details—See issue of July 5.

Offering—Company is offering, to holders of $3,343,500 3% income bonds due Oct. 1, 1959, units consisting of $750 of 4% income bonds and one share of its common stock, in exchange for each $750 outstanding income bond, in connection with the plan of reorganization.

Underwriters—The Dunne-Israel Co.

MONONGAHELA POWER CO. on June 30 filed a registration statement for $22,000,000 first mortgage bonds, due 1975, and 90,000 shares of cumulative preferred stock, par $100. The interest and dividend rates will be filed by amendment.

Details—See issue of July 12.

Offering—The securities will be offered for sale at competitive bidding. The offering prices to the public will be filed by amendment.

Underwriters—The names of underwriters will be filed by amendment.

NEW YORK STATE ELECTRIC & GAS CORP. on June 27 filed a registration statement for $10,000,000 first mortgage bonds, due 1973, and 150,000 shares of cumulative preferred stock. Interest rate on bonds and dividend rate on preferred stock will be determined by competitive bidding.

Details—See issue of July 5.

Offering—Price to public will be filed by amendment.

Underwriters—Stock and bonds will be sold at competitive bidding and names of underwriters will be filed by amendment.

Issue Disapproved—The New York P. S. Commission on July 30 disapproved of the proposed refinancing.

O. K. CO-OP RUBBER WELDING SYSTEM on June 12 filed a registration statement for 500 shares, par value $1,000 designated as "participating members shares" and 800 units of $500 each of preferred 7% debenture certificates.

Details—See issue of June 21.

Offering—The securities are to be sold at their par or face value to the owners and operators of O K Tire Servicing Stores and to employees, customers and suppliers of the trust and of the several businesses being acquired by the trust.

Underwriting—None named.

PACIFIC GAS & ELECTRIC CO. on May 4 filed a registration statement for 700,000 shares of common stock (par $25). The shares are owned by the North American Co. which is offering them.

Details—See issue of May 10.

Awarded May 22 to Blyth & Co., Inc. at $36.76 7/10 per share.

The SEC on May 23 refused to approve the bid, stating that competition had "been stifled."

PHILADELPHIA & READING COAL & IRON CO. on June 23 filed a registration statement for 412,596 common shares (par $1), and warrants to purchase a like number of common shares.

Details—See issue of June 28.

Offering—Warrants to purchase 4 common shares for each 10 shares held were mailed July 18, 1945, to holders of record July 16. In exercising warrants, holders of general mortgage 6% income bonds to which the stock certificates of the reorganized company are attached may use their bonds in payment of the subscription price for the new common shares up to 95% of the original amount of these bonds, a 5% payment in reduction of principal having been made on these bonds on April 1, 1945. Rights expire July 31.

The offering price of the stock is $11 per share.

Underwriters—In an amendment filed July 13 company announced that offering would be made without underwriters. Originally Harriman Ripley & Co., Inc. and Drexel & Co., were named underwriters.

POTOMAC EDISON CO. on April 19 filed a registration statement for 63,784 shares of 4½% preferred stock (par $100).

Details—See issue of April 26.

Offering—The company will offer the 63,784 shares of preferred stock in exchange for the 29,182 shares of 7% and 34,602 shares of 6% preferred stock now outstanding on a share for share basis with a dividend adjustment in each case and $5 in cash for each share of 7% preferred stock exchanged.

Underwriters — The company has retained Alex. Brown & Sons as dealer-manager to aid it in obtaining acceptances of the exchange offer.

RED BANK OIL CO. on May 31 filed a registration statement for 990,793 shares of common stock (par $1).

Details—See issue of June 7.

Business—Oil and gas business.

Offering—Of the shares registered Bennett & Co., Inc., parent of Red Bank, will receive 209,970 shares in return for a like number of shares loaned to the registrant in connection with the acquisition of 54% of the outstanding stock of Seatex Oil Co., Inc. In addition, 150,000 of the shares registered will be issued to stockholders of Federal Steel Products Corp. in exchange for all of Federal's stock. Bennett & Co., Inc., is the sole underwriter as to an additional 100,000 shares of common registered. The balance of 530,823 shares of stock being registered have heretofore been issued to Bennett & Co., Inc., in exchange for various obligations of the registrant.

Underwriters — Principal underwriter Bennett & Co., Inc., Dallas, Texas.

ROBERTS TOWING COMPANY on July 11 filed a registration statement for $500,000 serial 4½% equipment trust certificates.

Details—See issue of July 19.

Offering—The price to the public of the different series will be filed by amendment. The average price to the public is given as 100.47.

Underwriters—S. K. Cunningham, Inc., Pittsburgh, and John Nordman Co., St. Louis, Mo.

ST. JOSEPH LIGHT & POWER CO. on Feb. 28 filed a registration statement for 13,056 shares of Class A 5% cumulative preferred stock, par $100.

Details—See issue of March 8.

Offering—The company is offering 13,056 shares of its Class A 5% preferred shares in conversion share for share of the outstanding 5% cumulative preferred shares held by others than Cities Service Power & Light Co.

Underwriters—The company has retained Estabrook & Co., G. H. Walker & Co. and Prescott, Wright, Snider Co. as exchange agents to secure and procure consents of preferred shareholders to the conversion.

The company also proposes to refund the $4,806,000 first mortgage bonds, 4½% series due 1947 and to reduce the aggregate principal amount of its indebtedness to $3,750,000 by redeeming the outstanding bonds and issuing $3,750,000 of new bonds. The bonds will be sold at competitive bidding.

SEABOARD FINANCE CO. on July 12 filed a registration statement for $3,000,000 5% 10-year sinking fund debentures due Aug. 1, 1955, and 70,000 shares cumulative preferred stock, series A, with common stock purchase warrants.

Details—See issue of July 19.

Offering—The price to the public is 100 for the debentures and $30 per share for the preferred.

Underwriters—The underwriting group is headed by Van Alstyne, Noel & Co., and Johnson, Lemon & Co.

SOLAR AIRCRAFT CO on July 12 filed a registration statement for 50,000 shares of common stock, par $1.

Details—See issue of July 19.

Offering—Price to the public will be filed by amendment.

Underwriters—Reynolds & Co. is named principal underwriter.

SOUTHWESTERN ELECTRIC SERVICE CO. April 18 filed a registration statement for $2,375,000 first mortgage bonds, 3⅜% series due 1975; 8,500 shares 4¾% cumulative preferred stock (par $100) and 128,935 shares of common (par $1).

Details—See issue of April 26.

Offering — Holders of the outstanding common stock of Southwestern Public Service Co. will be given the right to subscribe to the 128,935 shares of common at the rate of one share of common of Southwestern Electric for each five shares of common of Southwestern Public Service. The subscription price will be filed by amendment. The public offering price of any unsubscribed common and of the bonds and preferred stock will be filed by amendment.

Underwriters—To be filed by amendment.

TAPPAN STOVE CO. on July 6 filed a registration statement for 25,250 shares of capital stock, par $5 per share.

Details—See issue of July 12.

Offering—Stockholders of record July 24 are given the right to subscribe at $27 per share in ratio of one new for each four shares held. The unsubscribed shares will be sold to the underwriters for offering to the public.

Underwriting—McDonald & Co., Cleveland, heads the underwriting group.

UNIVERSAL CAMERA CORP. on March 19 filed a registration statement for 663,500 shares Class A common stock, par value one cent a share, with Class A common stock purchase warrants. Of the total 530,500 are issued and outstanding and are being sold by certain stockholders.

Details—See issue of March 29.

Offering—The initial offering price is $5 per share. Of the 133,000 shares being offered for account of company, 20,000 are to be offered to employees at $4.25 per share. Shares not subscribed for by employees will be sold to public through underwriters along with the rest of the public offering. For every ten shares of common stock bought, purchasers, other than employees, will receive warrants to subscribe to one share of common stock, at $5 per share, on or before Dec. 31, 1948. Employees will receive such warrants for each five shares of common stock purchased.

Underwriters — Floyd D. Cerf Co. is named principal underwriter.

Stop Order Action—The SEC on June 29 dismissed the stop order proceedings commenced April 10, 1945. In its opinion the Commission said it is satisfied that the amendments subsequently filed by the company substantially correct the deficiencies cited in the notice of the proceeding except those relating to the warrants.

Anglo-Turkish Trade, Payments Agreements

(Continued from page 541)

the value of the articles referred to in the second paragraph of the said Article 3.

IX. In accordance with Article 1 of the Agreement of today's date, the Anglo-Turkish Clearing operated under the Agreement of the 3rd February, 1940, will be wound up by the following measures:

(1) The Clearing Office will cease operations on the General Account after the 21st May, 1945, except for such adjusting entries as may be agreed with the Central Bank to be necessary, and will then transfer any balance remaining on that account to the Central Bank's "Turkish Account" at the Bank of England. To the extent that the aforesaid adjustments may require the provision of funds for the General Account, such provision will be made from the Central Bank's "Turkish Account" at the Bank of England.

(2) Any sums thereafter recovered by the Clearing Office shall be transferred by the Clearing Office to the Central Bank's "Turkish Account" at the Bank of England.

(3) Any orders of payment, drawn on the General Account by the Central Bank but not delivered to the Clearing Office by the 21st May, 1945, shall be forwarded to the Bank of England and shall be discharged from the Central Bank's "Turkish Account."

In witness whereof, the undersigned, being duly authorized to that effect, have signed the present Procotol and have affixed thereto their seals.

Done in duplicate in London this fourth day of May, 1945, in the English language.

A translation shall be made into the Turkish language as soon as possible and agreed between the Contracting Parties. Thereafter both texts shall be considered as equally authentic for all purposes.

(L.S.) Richard Law.
(L.S.) M. C. Acikalin.
(L.S.) Cahid Zamangil.

---

1. "Treaty Series No. 7 (1941)," Cmd. 6269.
2. Cmd. 5754.
3. "Treaty Series No. 7 (1941)," Cmd. 6269.
4. "Treaty Series No. 40 (1930)," Cmd. 3695.

New Group of Opinions Presented Regarding Competitive Bidding

(Continued from page 516)

is supposed to protect. If competitive bidding did not exist and the SEC would reverse its policy and not support this policy then the public would be able to buy securities at lower prices.

* * *

HAROLD H. HUSTON

Harold H. Huston & Co., Seattle, Washington

During this period of cheap money high grade industrial issues may bring a somewhat higher price under a system of competitive bidding so if that is what is desired let them go to it. Perhaps some time in the future money will not be so easy and when that time comes any gains that have been made during this easy money period will be given back under a competitive bidding system.

We are a small shop and at one time did most of our business in Municipal Bonds. We handled all the high grade corporates we could place. Our stock business contributed a small part of our gross.

We handle few municipals, or high grade corporates. Our business is almost entirely in 2nd and 3rd grade Bonds and common stocks.

It appears to me we will be handling only U. S. Govts and stocks in the near future.

So let the big institutions compete for the high grade top stuff, Municipals, Utilities, Rails, Industrials.

* * *

A DES MOINES DEALER

It seems to us that there are two primary factors which made the case for competitive bidding for utility securities and railroad securities of reasonable, practical application. In both instances regulatory bodies of Federal and State, or both, supervised many aspects of the business including the establishment of rates; secondly, the type of financing used is in general not complicated and follows a fairly set pattern; and, thirdly, and particularly with reference to the utility business, the comparative stability of the business lends itself to a simple and fairly cut and dried method or formula of financing.

It seems to us that in the industrial field, none of the above factors apply: there are no rates to be passed upon, there is litlle stability in the character of many industrial enterprises, and there certainly is no standardized pattern for the type of security to be used.

It might be that the character of some industrial financing might be improved from the standpoint of the investor, if there were an authority or supervisory body of adequate ability and proper intent, but we know of no such and certainly would not propose the establishment of another Federal Agency or Bureau. It seems to us that in recent years the underwriters themselves have made material improvements in some of the standard practices and requirements and safeguards relative to the securities, and it would be our belief that further improvement in this respect may naturally be expected as the large institutional investors dominate the market as they now are unquestionably doing.

We in conclusion do not believe that the industrial field lends itself properly to competitive bidding. Moreover, it seems to us that the spread or profit in some of the recent industrial underwritings must indicate extremely intense competition now existing among some of the large underwriters.

As a decided improvement on the whole subject of competitive bidding, we would like to suggest that the SEC provide a rule by which there would be not less than 1¼ points profit or spread in any bond underwriting, and not less than a 3% spread or profit in a preferred stock underwriting. The investing public gets stuck anyway, and a more profitable underwriting business undoubtedly would be more amenable to regulation and could also do a better job of helping to pay the national debt.

* * *

ALEXANDER MACKENZIE

Mackenzie & Co., Inc., New York City

We are against competitive bidding on all corporate issues. It may seem to have been successful but I believe this is only due to continually rising prices. It works a hardship on the small dealer.

* * *

W. A. McKINNEY

V. P., McKinney-Ohmart Company, Wichita, Kans.

Some one very wisely said "That government is best which governs least." Within limitations we believe this statement is sound. In a general way we believe that it should apply to the field of public financing. Unless there are good and sound reasons for requiring corporations to sell their securities at the highest price received at a competitive sale it goes without saying that the government should maintain a "hands off" policy. Now what are the facts?

In the first place we concede that there are some good reasons why railroad, light, gas and telephone companies should be required to sell securities at competitive sales. These public service industries are monopolistic by nature. In theory at least, any exorbitant cost of financing is loaded on to the consumers. Regulation of rates charged the consumers is now generally accepted as a proper governmental function. It may be that regulation of capital financing is equally reasonable. Perhaps the competitive bidding rule is the best way to gain for consumers the lowest possible cost of the necessary capital required by these monopolistic public service corporations.

However the same line of reasoning does not follow in competitive lines of industry. If an industrial corporation submits to an overcharge in obtaining capital it merely gives its competitors an advantage. Competition will correct the abuse and punish the offender, because the overcharge cannot easily be passed on to the consumers.

Business generally is subject to too much regimentation now. We decry any attempt to fix upon private industry (not monopolistic in its nature) the competitive bidding rule. If it is adopted why not go the whole way and make it also apply to short time borrowings—have the commercial banks bid competitively for short term loans. We wonder if the SEC has given thought to this last idea.

* * *

R. B. NEWMAN

Pres., Newman and Company Colorado Springs, Colo.

Being a small firm and engaged in the security business, I naturally am bitterly opposed to competitive bidding for industrial issues. Since we are not large enough to take underwriting positions, competitive bidding for railroad and public utility issues has practically eliminated us from participation in this business. In other words, from the client's viewpoint, because he happens to live in a small community, he does not get a chance to buy new issues in the railroad and utility field. It goes without saying that the margin of profit for the selling group in a competitive issue is ordinarily so small that we cannot afford to be interested.

In my mind, the trend of the security business, as a result of SEC regulation is definitely toward eliminating the small firm which does not have the volume to do business on the narrow margin that the firms located in the financial centers have. In other words, SEC's so called protection for the investor and supposed regulations for large business, in the long run is going to result in the elimination of small business just as the NARA did in its heyday.

* * *

ELI T. WATSON

New York City

I cannot see where anybody except the issuing companies, in some instances, are being benefited by competitive bidding. On the other hand the investment banking fraternity, and by that I mean the underwriters are having their bones picked bare.

The commissions in Selling Groups have dropped to such small fractions that the thousands of dealers throughout the country cannot afford to participate. By the time they pay their phone calls and clearance charges most of the new offerings show them a loss rather than a profit.

There is just one bright spot in the situation, as I see it, and that is if we did not have competitive bidding the whole of new underwritings and refundings might drop into the lap of the big life insurance companies, and there would be no investment banking business.

It is certainly a sorry mess, and in my opinion could have been so easily avoided if the Eastern Group of underwriters had made room around the table for the Western Group.

* * *

LESLIE J. WERSCHKUL

L. J. Werschkul & Sons, Portland, Oregon

You have asked for opinions on the subject of competitive bidding for new issues. We believe that in case the company in question desired competitive bidding, this privilege should not be denied. Such circumstances however would, we believe, be greatly in the minority.

In your asking how we feel about compulsory competitive bidding, we believe it to be disadvantageous all around. Most of our great corporations have grown up with the counsel of one or more underwriting houses and such a relationship has distinct advantages. Between them they have the feel of the market and arrive at fair prices with reasonable (and certainly not unreasonable) allowances for costs of distribution. Using this sort of team work produces good results.

In normal times when there is not the abnormal demand now existing, compulsory competitive bidding could result in prices out of line with the market. This would result in dissatisfied purchasers. It would also leave the industrial organization without steady and sound financial counsel.

* * *

RALPH FORDON

Watkins & Fordon, Inc., Detroit, Mich.

I am opposed to competitive bidding. Incidentally, you have a vital publication.

* * *

A. CLEVELAND, O., DEALER

Never have been in favor of competitive bidding.

It has a tendency of overpricing.

Reduces profit to selling group members.

Small investors and institutions do not get opportunity to buy attractive issues.

Prevents a wider distribution.

* * *

H. PRATT

H. P. Pratt & Co., Seattle, Wash.

I wish to say that I oppose compulsory competitive bidding for all securities for the following reasons:

1. It is a form of regimentation.
2. It prevents the investment banker from the advantages of obtaining the full and complete detailed information which he would necessarily obtain were he the issuer's advisor.
3. It prevents the issuer from obtaining the close and confidential expert advice which in many, and probably most cases, he needs from an investment banker.

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"Our Reporter on Governments"

By JOHN T. CHIPPENDALE, JR.

The Government bond market continued its downward drift the greater part of last week, on light volume. . . . Declines were about the same as those for the previous week, although a substantial part of last week's recession was the result of a marking down of bids rather than the pressure of liquidation. . . . The sharpest markdowns took place last Thursday in sympathy with the weakness in other financial markets following the British elections, and in anticipation of a change in the discount rate, expected that day. . . . The announcement by the Federal Reserve Bank of New York of no change in the discount rate came too late in the afternoon to have any effect, since the Government market had closed. . . .

On Friday prices moved cautiously ahead to end the day on the plus side. . . . The recovery has been more vigorous this week. . . .

Undoubtedly the better tone now in evidence in the Government bond market is due largely to the fact that the discount rate was not changed although it is only one factor in the situation. . . .

LARGEST DECLINE

The longest maturity again showed the largest decline as the bank eligible 2½% due 1967/72 went off more than a half-point. . . . This bond at the low of last Thursday had given up 1¼ points since July 16th, the day that the reports of peace developments and discount rate changes became important market factors. . . . Despite the recent price improvement this bond is still well under its high for the year. . . .

The 2½% due 1956/58, has resisted the decline quite well, being off less than ⅜ of a point from its high. . . . This is attributed to the fact that it will be within the ten-year maturity range next March. . . .

PARTIAL EXEMPTS WEAK

The partially exempt obligations were marked down, as the last four maturities showed declines from ⅜ to ½ point. . . . The 2¾% due 1960/65 was the largest loser. . . . The recession in these bonds was due in part to the recent decline in the taxables and to Senator George's statement that taxes should be revised downward as soon as possible after the ending of the Japanese war. . . .

The 2s at last Thursday lows had given up a considerable part of their recent gains, with losses up to ½ point having been registered in the last two weeks. . . . This brought the 2s of 1952/54 1951/55, 1951/53, 1949/51 back to the levels of early April. . . . The 1½s due 1950 went to a new low of 101, off about ½ point from its high of the year. . . . A substantial part of the decline in the 2s and 1½s was made up this week. . . .

RESTRICTEDS SUFFER

The restricted issues were led on the downside by the 2¼% due 1956/59, which was off about ⅞ of a point at last Thursday low from the high of the year, made on the 15th of last month. . . .

The 2¼s of 59/62 and the 2½s due 6/15/67/72, the Seventh War Loan obligations, made new lows since they were traded in the open market, with decline from the middle of July to last week's lows amounting to almost ⅝ of a point. . . .

The other restricted issues at last week's lows were off slightly more than ½ point from their highs. . . . The uptrend in these bonds since last Friday has erased a large part of the recent decline. . . .

GRADUAL IMPROVEMENT

It is believed that the Government market will continue to improve gradually with some hesitation looked for on Thursday to see if there will be any change in the discount rate. . . . Indications are that the Governmental authorities are intent on stopping speculative purchases of Government bonds. . . . This type of buying has been concentrated recently in the longer terms, both the bank eligibles and the restricted issues. . . . If this borrowing, buying and trading by individuals, financial institutions and corporations cannot be stopped by warnings there no doubt will be direct action by the money authorities to put an end to it. . . .

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TECHNICALLY STRONG

The technical position of the Government bond market improved last week, with securities moving out of weak hands into strong ones, as prices receded. . . . Nevertheless there are obligations that still have to be absorbed before the market will be in a strong position again. . . . The system loans to brokers and dealers for carrying Governments have declined for the last four weeks, with the decrease from July 3rd to July 25th, amounting to $356,000,000. . . . Loans to others are down $340,000,000 for the same period. . . . New York City member bank loans to dealers have been lower each week since June 27th, with the decrease aggregating $331,000,000 from that date to the week ended July 25th. . . . Loans to others, from July 3rd to July 25th, are off $207,000,000 with a decline of about $100,000,000 being reported for the week ended July 25th. . . .

The decline in brokers loans, indicates that dealer positions have been lowered substantially and they will be able to lend greater support to the market. . . .

The decrease in loans to others, means that borrowings for the purchase of Government bonds by investors, as well as speculators and "free riders" are being paid off. . . .

CAUTION ADVISED

Now that a large number of speculative commitments have been liquidated, investors are beginning to register a real interest in the market. . . . They are looking for a buying level, which may have already been reached, since the market has turned up although volume has not been large. . . . A cautious attitude is still advisable, however, because of the uncertainties that can cause unsettlement in the Government bond market, which may result in sharp and fast movements in both directions. . . . Although money market experts and shrewd traders are of the opinion that the Government bond market is in a buying range, they are not recommending that buyers put all their eggs into the basket at one time. . . . They are advising that purchasing be done on a scale basis. . . .

It was pointed out that this procedure makes it possible for buyers to take advantage of price movements in either direction, which should result in a satisfactory price for the entire commitment. . . .

South Coast Bonds Are Offered Publicly

A banking group headed by Paul H. Davis & Co. on Aug. 1 made a public offering of a new issue of $2,500,000 of first mortgage 4¼% sinking fund bonds of the South Coast Corp., priced at 102½% and accrued interest. The bonds are due June 30, 1960, and are redeemable to and including June 30, 1946, at 105%, and thereafter each June 30 at graduated prices to 100½% to June 30, 1956, and thereafter at par.

Proceeds from the financing will approximate $2,455,000, of which about $1,490,000 will be used to redeem at 104% the $1,437,000 of first (closed) mortgage 5% sinking fund bonds due Dec. 31, 1955.

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Volume 162 Number 4408
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The Financial Situation

Little is to be gained by the effort, in which certain of us appear to be engaged, to convince ourselves that the results of the British general election lack profound significance. It may well be that actual changes in Great Britain will be less profound than one accustomed to our political habits might expect. It is a fact, as we are now constantly reminded, that the British are a people who believe essentially in orderly, not to say gradual, change, and it may well be that the election does not indicate any great danger of abrupt action of the sort which might be expected of Russia, or even of France, in like circumstances.

Some "Explanations"

We are reminded, and rightly so, that it is one thing to espouse what we should term "crack-brain" causes when not in power and quite another to give effect to rather reckless campaign utterances, or radical party "programs" devised when there was no expectancy of having to assume responsibility. Those are on strong ground, too, who tell us of the technical and other difficulties confronting any group undertaking to do what the Labor Party in Britain has set forth as its aims, and call attention to the time which must be consumed before much of their program can be given effect. All this, and similar reasoning, are not to be brushed aside without study, but when all is said and done no real doubt can be entertained that the British electorate, whatever its motives and whatever the causes, has swung in unprecedented fashion from a party which, whatever its faults, clung fairly consistently to sound economic ideas, to one which, whatever its merits, has with as great consistency been rather more than sympathetic to all the queer ideas and programs which today wear the label

(Continued on page 548)

Morgenthau Releases Final Report

Retiring Treasury Secretary Tells Congress That His Policy Has Been to Fit Tax System to Needs of the Times. Says Post-war Taxpayers' Burdens and Soundness of Public Debt Structure Will Depend on Achieving a Lasting Peace and Full Employment. Expresses Concern for Bretton Woods Program, for Preventing Germany and Japan From Fomenting War, and for Problems Growing Out of Reconversion.

H. Morgenthau, Jr.

In a report to the Congress prepared immediately prior to his retirement as Secretary of the Treasury, and now released, Henry Morgenthau, Jr., discusses the broad reasons for his interest in the problems of peace and reconversion. "The tax bill of the American public after this war, the burden imposed on the taxpayer by that tax bill and the soundness of this nation's whole public debt structure will be affected in a major way by the degree of success we achieve in solving the problems of lasting peace and full employment," Secretary Morgenthau said in a concluding section of his report. "The policies of the Treasury Department in the fiscal field are, therefore, inexorably affected by what is done in these fields.

"Specifically, if the end of this war finds a world torn with fear and suspicion—with nations doubtful of the real intentions of other nations—this country and other countries will be compelled to seek security through the maintenance of a huge military establishment," entailing immense expenditure.

The recognition of this fact intensified the Secretary's concern for the success of the Bretton Woods program "and the formulation of an effective program from preventing Germany and Japan from fomenting another war."

On the domestic front, the report indicates concern for the reconversion period. If the period is marked by unemployment, retrenchment and an economy of scarcity, the cost of government will fall heavily on the depleted income of the taxpayer, regardless of tax rates, the report says.

But if incomes are high and business is good, the cost of government—including the servicing of the debt—can be met with substantially lower taxes.

"Incomes will be high and business will be good if this country undertakes a speedy post-war reconversion accompanied by intelligent protection for the wage-earner's pay envelope, stability in farm prices and reasonable profits for business. Such a program calls for a high order of

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Danger to American Democracy In United Nations World Charter

By HON. BURTON K. WHEELER*

United States Senator From Montana

In Senate Address, Mr. Wheeler Cautions That Power Politics and Totalitarian Tyranny Will Lead Us Into a Third World War, and We Will Sign Our Own Death Warrant as a Nation When This Charter is Ratfied Unless Certain Humanitarian Principles Are Upheld by the Great Powers. Holds Our Constitutional Principles Are Threatened.

Burton K. Wheeler

I want at this point earnestly to assert that I am speaking out of my deep concern for the future. The fate of my native land and the principles of democracy, of a constitutional representative republic, and all the glorious traditions and liberties with which this native land of mine has been blessed are all at stake.

I believe in President Truman and have confidence in his determination to steer our ship of state through the stormy seas ahead as best he knows how. What I have to say further is moved only by my concern to strengthen his hand and to shoulder my own responsibility for salvaging America from the tragic consequences of war-provoking policies and commitments and acts which I have wholeheartedly and bitterly opposed. We confront a new responsibility as a nation. We in America, together with all the other peoples on earth, as distinguished from the rulers of some countries, are determined that so far as lies within our power, war shall not again lay its heavy curse upon us. But, Mr. President, we must deal with the trying problems which now tax the combined resources of the human mind and heart by rising to the challenge of the unprecedented future we confront. If by some great tragedy of misguided fervor we should in our haste perpetuate the very policies and practices which have brought this war upon us, not even the Almighty could save us from ourselves. Ours is the challenge of a broken and despairing humanity to find some heroically intelligent and creative solution to the threat of a third world war which is already rooted and growing in conflict between western civilization and the Communist totalitarian tyranny in the East.

What I am saying is that a failure on our part to meet this challenge will boomerang against everything we still hold sacred. If we are to participate in this proposed new world organization as a convert to power politics, with all its attendant evils of imperialistic expansion and militarism, we shall sign our own death warrant as a nation when this charter is ratified unless, Mr. President, we go in determined that certain principles shall be enunciated by the five great powers, or the three great powers. I say "the three great powers," because every one recognizes the fact that only three great powers are going to determine what this organization is to do.

I believe with William Henry Chamberlin that:

"An independent American policy, conceived in terms of American interest is more imperative than ever, after San Francisco has created such a superficial semblance of unity, which is likely to be destroyed at any moment by some new crisis, some new clash of national interest. The first condition is that we define our aims and obligations clearly and precisely.

"For the second time within a generation we have committed the unpardonable blunder of drifting into war without making any serious attempt to see that our associates, whom we supplied so lavishly with manpower, munitions, and supplies, were prepared to honor their professed war aims; they wanted our tanks, not our ideas; our men, not our moral principles."

The trouble with so many ideal-

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*An address by Senator Wheeler in the Senate on July 24.

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a Not available this week.

*These items appeared in our issue of July 30, on pages indicated.

From Washington Ahead of the News

By CARLISLE BARGERON

Carlisle Bargeron

Your correspondent has read a tremendous lot of stuff about how the Labor victory in Britain will have repercussions in this country, how, for one thing, it will pep up our dormant radicals; perhaps, revive Henry Wallace which is about the worst thing we could visualize.

This picture which we are getting is quite disturbing, however, to the British contingent in Washington, about whom it has been said, is a larger force than that which burned the city in 1812. When we say contingent, we mean their newspapermen and their hordes of embassy attaches, and their publicity agents. Good fellows, that they are, we might, for the sake of accuracy, put them all in the light of the latter. They are disturbed. They are worried that we are misinterpreting what happened in Britain. They are insisting this, while our own domestic propagandists, are writing and talking about the tremendous ramifications of the thing and how it will undoubtedly pep up our Wallaceites.

It seems that, after all, Britain has a right to its own clean fun just as we have over here, but for us to get the impression that Britain has really changed, is absolutely wrong—and dangerous in world relations because such an attitude might affect the attitude of our investors, the Government and otherwise. This would be a calamity, our British friends assure us.

To listen to these friends who are working quite assiduously at assuring us that nothing fundamental has happened in Britain, you would think that it is truly amazing how wrong we can be on first conclusions.

You say to them, now after all, the fact is that the Labor government intends to take over the railroads, and they respond in their deep, abdominal way:

"But my dear fellow, don't you realize that many American municipalities have taken over the

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Billion Export Credit to Russia Is Planned

Plans for the proposed new Export-Import Bank funds were disclosed by Leo Crowley, Foreign Economic Administrator, on July 17 when he told a Senate Committee that $1,000,000,000 of the $2,800,000,000 proposed increase were scheduled to be made available to finance exports to Russia, and that the remaining $1,800,000,000 were designed for aid in rehabilitating the economies of European countries plus some $200,000,000 for financing exports to Latin America, according to a Journal of Commerce report on that date from Washington.

Aid to Britain and to extremely unstabilized countries like Poland and Italy, the report said, will be sought through channels outside the Export-Import Bank. The advices continued.

While Administrator Crowley stated that $750,000,000 to $1,000,000,000 would be the reasonable amount to expect that the Russians would get from this allocation ($2,800,000,000), he added, "I would not want to say that $1,000,000,000 would not be a fair amount over the next 12 months to finance our export trade to Russia."

He supplemented his statements on foreign loan plans by these two observations on Export-Import Bank policy:

1. Loans will be made for a 15 to 20 year period, and in some cases for a 30-year period. Most of the loans will however run from 15 to 20 years and some will be as short as 10. A period of three to five years may be allowed before amortization is to begin; it would proceed thereafter.

2. The Export-Import Bank cannot make the loans now planned with the same degree of security that it has in the past. "Providing the economic situation of the world stabilizes itself I think these loans would be repaid, but I would not want to say that in lending that much money there will not be losses."

Mr. Crowley confirmed reports previously carried in The Journal of Commerce that the Export-Import Bank will not be used for financial assistance of the dimension of that required in the case of Great Britain, or for taking care of special situations such as have arisen in Italy.

He told the Senate Banking and Currency Committee, before which he appeared to ask immediate action on the Export-Import Bank legislation, that the amount requested did not include an appropriation for Britain. Mr. Crowley testified that he did not see how, with the $2,800,000,000 asked, there could be enough available to take care of any large amount of aid to Britain from that source.

Countries specifically mentioned which would be assisted in addition to Russia, were Belgium, Holland, Denmark and Norway. Mr. Crowley added that "other countries" would also fall in this category and that $100,000,000 to $200,000,000 would "undoubtedly take care of most of the loans to South America."

Supplemental plans for financial assistance to foreign countries were described as including the type of aid under consideration for Italy and Poland. Mr. Crowley explained that the Export-Import Bank could not make loans to such countries at this time because of the situation which exists there, that some degree of stability must first be attained through some kind of preliminary assistance.

Without going into specifics, the FEA Administrator said, "it is our hope that we will be able to find some way to lend money for machinery and equipment to Poland. We will have to feel our way along as we cannot just extend them a loan for several million for equipment."

Speaking of Italy, Mr. Crowley indicated the desire to provide assistance which would not give rise to an Italian debt. "A loan," he said, "would give rise to a debt and I don't think they could pay it back. These must be some stimulant provided for their economy before plunging them into debt."

The Administration is known to be preparing a special program for Italian aid, expected to be submitted to Congress before the end of the year. The program is intended to tide Italy over the extreme situation in which this country finds itself as a result of the war.

Discussing Lend-Lease plans, Mr. Crowley elaborated on earlier statements by disclosing that no commitments are being made under the French Lend-Lease agreements for supplies which cannot be delivered prior to Dec. 31 of this year. Some locomotives, trucks and boxcars are included in the deliveries planned for this year.

He told the committee that this same situation applies for all countries except Britain and China. Russia was a third possible exception, which Mr. Crowley said he preferred to discuss off the record.

Mr. Crowley's statements on the $1,000,000,000 credit for Russia were made after Senator Robert Tafe (Rep., Ohio) declared flatly that the Administration is committed to a loan of this size. He said he was willing to reveal the authority for his assertion in a closed session. Mr. Crowley in effect substantiated the report, although he stated that no "formal" application had as yet been made by the Russians.

The propriety of the Export-Import Bank's embarking on substantial loans to foreign governments was questioned by Senator Taft. Mr. Crowley replied that credits are needed at once, the Export-Import Bank's funds are exhausted, and the Bretton Woods RReconstruction Bank will not be prepared to fulfill these functions for some year or 18 months. He proposed that Congress review the entire program next June and decide then what further steps need be taken.

"Financial News" Buys Controlling Interest in London "Fin. Times"

Announcement was made on July 25 by Lord Camrose, Chairman of the London "Financial Times," that the controlling interest in that publication had been sold to the London "Financial News." Theannouncement as contained in a London wireless message to the New York "Times" July 25, said:

"The controlling interest in The Financial Times held by Lord Camrose, and his family has been sold to the Financial News, Ltd. Lord Camrose, Col. Michael Berry and W. T. Slatcher have retired from the board and Gen. G. P. Daway, Maj. Crosthwaite Eyre and R. N. Ahern have been elected directors.

"A circular is being issued offering to minority holders of The Financial Times, Ltd., the same price as that paid for the controlling interest, namely 14s 3d a share. The circular also will give notice of a meeting of stockholders to consider a resolution for the acquisition of The Financial Times, Ltd., of the copyright of The Financial News and the subsequent amalgamation of the two papers."

The New York "Times" advices added: "The two daily newspapers have been rivals in the coverage of financial and business news of the empire since 1888, when The Financial Times was started. The Financial News was founded in 1884. A single publication, probably called "Financial Times" is expected to result."

Incentive Compensation Plan Adopted by NYSE

The adoption by the New York Stock Exchange of an "Incentive Compensation Bonus Plan," was made known on July 27 by Emil Schram, President of the Exchange, in advices to the employees of the exchange and its affiliated companies. In his announcement Mr. Schram states that the plan, retroactive to Dec. 3, 1944, has been adopted "in order to compensate employees directly for additional work performed during periods of active volume, rather than by possible year-end bonuses." He added:

"The Plan is applicable to all active employees of the Exchange and its affiliated companies. Formal approval of the War Labor Board was received today covering employees subject to its jurisdiction. Similar approval has been received from the Treasury Department covering employees subject to its jurisdiction.

"Although we hope to continue it indefinitely, the Plan is subject to modification or discontinuance by the Exchange at the end of the period provided in the plan, i.e., Oct. 15, 1946.

"For your information, the gross bonus for the first period (Dec. 3, 1944-March 31, 1945) will be 12.9% of the total compensation earned by each employee during the period. The gross bonus for the second period (April 1-June 23, 1945) will be 12.3% of each employee's compensation for that period. The percentages are determined by a formula, which relates the daily average reported volume of trading in stocks on the Exchange to the total number of employees of the Exchange and its affiliated companies. Payment of the bonus for these two periods will be made on Tuesday July 31.

"The Exchange is happy to take this means of compensating its employees for their extra efforts in handling the larger markets of the last six months with the reduced force available."

The plan sets out that

"(1) All employees of the Exchange and its affiliated companies, including temporary employees, employees on a trial or probationary basis, and employees on vacation, normal sick leave or other excused absence, but excluding employees on leave of absence while in military service, shall be considered as active employees for the purpose of this Plan. As of Jan. 1, 1945, the total number of active employees computed on this basis was 979.

"(2) In determining for the purposes of this Plan the average daily volume of trading for any week, the reported share volume for the week as released by the Exchange shall be divided by the number of days on which the Exchange was open for the transaction of business, counting Saturday as a half day.

"(3) The bonus payments shall not be considered as part of an employee's normal rate of pay for the purposes of the Exchange's sick leave, pension, group term life insurance or other plans maintained for employees, nor for the purposes of computing overtime rates or deductions for absences, etc.

Truman Felicitates Belgium On Its Independence Day

President Truman congratulated Prince Charles, Regent of Belgium, on July 21 in a message on the occasion of the Belgian independence day. Reporting this, special Washington advices to the New York "Times" quoted the President as saying:

"I am happy to convey to you and to the Belgian people on this anniversary of Belgian independence day the congratulations and best wishes of the people of the United States."

The State of Trade

The Interstate Commerce Commission's decision of last May, which will eliminate some of the advantages in freight rates Eastern shippers have enjoyed over shippers of the South and West and which takes preliminary effect Aug. 30, constitutes "one sound step toward establishing that equality of opportunity for all sections of the country essential to a nation that bears the proud title, The **United** States." This is the opinion James H. McGraw, Jr., expressed in an editorial, "Freight Rates and Industry Location,' appearing in the August issue of the McGraw-Hill publications.

"The decision has been enthusiastically hailed as an Emancipation Proclamation for industrial development in the South and West," the article states. "It also has been roundly condemned as a meddlesome control measure that ignores valid differences in haulage costs and recklessly blots out one of the important factors determining the location of American industry.

"Cooler appraisals," the article continues, "indicate that the net effect of the rate changes will be far less drastic than predicted by the more passionate advocates or adversaries. The Commission's order, unless modified, or successfully contested in the courts, will require: (1) eventual establishment of a single freight classification, or grouping of commodities for rate-making purposes, for application throughout the United States; (2) a single level of "class rates"—or rates established for groups of commodities and primarily applying to manufactured and semi-manufactured articles of high value—in the area east of the Rocky Mountains. This level is to be about 15% higher than the present Eastern scale.

"Because it will take some time, probably several years, to work out a uniform classification in place of the three major classifications now existing, a preliminary adjustment is provided.

"Under this adjustment, existing classifications will remain in effect, but the rates on articles moving on class rates will be increased 10% in Eastern or Official Territory—the area east of Lake Michigan and the Mississippi River and north of the Ohio River. On the other hand, rates will be reduced 10% on articles moving on class rates in the South and West, and on those moving interterritorially.

"If differences between territorial rate levels are removed, the interterritorial freight-rate problem largely disappears. So it is an important question whether such differences are justified. The Commission, the editorial observes, has found they are not justified, either by differences in transportation costs or by other valid considerations. From that finding came the order to establish a uniform level of class rates and a single freight classification."

Steel Industry—A sudden but not trend-making increase in rated steel business the past week lifted the volume of this type of orders to the highest point since the end of the European war. Steel sales offices, however, conceded that there was little possibility that this condition would be repeated or that it indicated any reversal in the recent leveling off of CMP steel orders, "The Iron Age" stated in its current summary of the steel trade.

During the past week most steel centers reported that backlogs of unrated civilian orders now exceed those of rated bookings with many companies. Unrated business volume last week showed little change from recent experience, mainly because of a continuance in extended deliveries and the inability of most companies to give concrete commitments.

The flat-rolled steel picture with respect to sheets is now as tight as it was during 1942 and 1943 for plates. Mill schedules are filled far into next year on some items, but some steel sources continue to predict that the fourth quarter of this year will see a far different picture, the magazine states.

Recently it was disclosed to a Sheet and Strip Industry Committee by WPB officials that little if any steel sheet and strip of the gages needed for automobils passenger car output would be available in July and August. Prospects for September deliveries on an unrated basis are said to be somewhat brighter, but would probably not reach anywhere near requirements.

It is expected that the next two months in the steel industry will reflect pretty much the same conditions as those in the past month or so, with no real progress made on the delivery situation until Oct. 1. At that time it is understood all steel orders must be revalidated, priorities reconfirmed, and all requirements restated. This inventory of all rated steel needs is expected to disclose definite openings on mill books, eliminate duplicate ordering, and cancel out orders which apply to canceled contracts, the above trade authority observed.

The recent easement in the plate and structural delivery situation received a temporary setback the past week when Navy requirements for 129,500 tons of this type of products materialized. Directives will be placed for August deliveries, pushing back rated and unrated orders for plates and structurals which had been set for that month.

The pattern by which the auto industry is securing sheet requirements for production of its initial passenger cars is gradually becoming clear. Despite silence of the mills some unrated tonnage apparently has been placed in spot openings although close WPB control now being exercised will probably plug this loophole. Some materials have been secured from steel warehouses with secondary dealers sharing in this business.

The backbone source for the more fortunate automobile manufacturers for the production of cars, "The Iron Age" notes, has been stocks of deep drawn sheets held since the cessation of passenger car output in 1942. Special treatment of such material because of ageing has been necessary.

Freight car news this week features the placing of orders for 1,400 cars by the Erie RR. as follows: 700 50-ton box cars, 600 70-ton drop-end gondolas and 100 70-ton covered hopper cars.

Contrary to reports last week, the magazine points out that the base price of cold-finished carbon steel bars is expected to be advanced while some extras will be lowered. First reports had the base price lowered.

The American Iron and Steel Institute announced last Tuesday that the operating rate of steel companies (including 94% of the industry) will be 90.8% of capacity for the week beginning July 30, compared with 90.77% one week ago. This week's operating rate represents an increase of 0.1% from last week's rate and is equivalent to 1,663,100 net tons of steel ingots and castings, compared to 1,661,300 net tons last week and 1,735,800 tons one year ago.

Railroad Freight Loading—Carloadings of revenue freight for the week ended July 21, 1945, totaled 882,323 cars, the Association of American Railroads announced. This was a decrease of 945 cars, or 0.1% below the preceding week this year and 19,769 cars, or 2.2% below the corre-

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U. S. Chamber Would Clarify Confused Federal Financial Situation

Measures to clarify the confused Federal financial situation now hampering business are proposed in a set of policies adopted by the membership of the Chamber of Commerce of the United States. Among other things the Chamber devotes attention to the present estate and inheritance taxes, imposed by Federal and State Governments, and states that "the effects of present rates and provisions are damaging socially and economically." It is declared by the Chamber that "the Federal Government should take the leadership in reduction of rates to a point where these destructive effects will be avoided."

Referring to the Government's fiscal policies, the Chamber urges a "resolute endeavor to reduce expenditures, curtailment of operations of Government corporations" and recognition "that taxation should not continue long at its present level."

As to the Federal Reserve System, the Chamber points out that "vigilance is needed for the safeguarding of the essential principles of the System incident to the transition from war to peace" as problems "give rise to proposals affecting monetary and banking procedures."

The Chamber submits as follows its attitude on the several subjects:

"Declarations of policy covering a wide range of economic subjects were voted upon by the membership in a mail referendum taken on a set of proposals advanced by the Chamber's standing Committee on Policy. Ordinarily, Chamber policies are adopted in annual meeting, but this year the annual meeting was abandoned because of transportation difficulties, and the mail ballot procedure was substituted.

"The declarations do not set forth a complete presentation of Chamber policies. They were designed to bring up to date existing policies in need of revision. Some are new; some modify existing policies to shape them to current conditions, and others are reaffirmations of policies expiring under a five-year limitation rule.

"The declarations in finance follow:

Estate and Inheritance Taxes

"In the proposed revision of the Federal tax structure there should be the most earnest attention to consequences of the present estate and inheritance taxes, which are levied by Federal and State Governments under a system which in effect gives the Federal Government control of the burdens. The effects of present rates and provisions are damaging socially and economically. There is discouragement of the natural desire to make family provisions and a serious impairment of incentive. There is dissipation of productive capital, with all of the public detriment that follows. The consequences bear hardest upon small enterprises, which must continue to have an important place in the business structure.

"The Federal Government should take the leadership in reduction of rates to a point where these destructive effects will be avoided. There should be consolidation of the present double schedule of rates, and in mitigation of the devastating effects of these taxes there should be freedom from tax for an accumulation of liquid assets, in insurance or other readily realizable form, for the definite purpose, and to the necessary amount, of meeting the death taxes. To prevent the disastrous effects of forced sales of non-liquid assets, among which real estate is important, the states should follow the example of the Federal government by extending the time for the payment of these taxes upon such assets to permit realization of fair values. The extension should be for at least 5 years, with interest after one year upon deferred installments.

"Estate and gift tax legislation in 1942 created injustices through altering the prior treatment of powers of appointment. If the Congress cannot agree upon the necessary rectification at an early date it should extend the statutory time limit to July 1, 1946.

"Preparations should be made to surrender the whole field of estate and gift taxation to the states at the earliest practicable date.

Federal Reserve System

"In facilitating the financing of the war, the Federal Reserve System again has demonstrated its inherent strength. Both in peace and war it has operated to the advantage of the American economy. It is a vital part of the mechanism of commerce, industry and agriculture. The experience of the years has proved the wisdom of the Chamber in supporting the System during the period of inception and development and in opposing hasty innovations.

"Vigilance is needed for the safeguarding of the essential principles of the System as the problems of the transition from war to peace give rise to proposals affecting monetary and banking procedures. There should be continued opposition to any change in the Federal Reserve System which does not add to its strength and usefulness.

Fiscal Policies

"Maintenance of the credit of the government is essential for complete victory and successful transition from war to peace.

"There should be continuous and resolute endeavor to reduce expenditures, curtail operations of government corporations, and otherwise prepare for a balance of the budget, with suitable provision for debt retirement, soon after hostilities cease. In these preparations it must be recognized that taxation should not continue long at its present level.

"Continuance of our system of democracy and free enterprise, economic expansion, employment, and revenues for the government itself depend upon permitting taxpayers to retain sufficient income after taxes to reward incentive and risk-taking.

"Business enterprises should now be permitted every practical safeguard of working capital, including prompt refunds and offsets against Federal tax liabilities of amounts due from the government. While it may not be feasible to make substantial reduction of taxes until the cessation of all hostilities, definite and early provision should be made for the expiration of the excess profits tax at the end of the taxable year in which hostilities cease but without diminution of the right to carry back credits and losses.

"Early in the transition period there should be reductions of the rates applicable to ordinary incomes of corporations and individuals. Such other changes in the revenue system as will place it upon a peacetime basis should be made as soon as possible.

"Appropriate methods should be adopted of relieving, if not abolishing, the double taxation of corporate income and dividends, without resort to any form of tax upon undistributed profits. Adequate deductions should be permitted for depreciation, deferred maintenance and reserves. There should be extension of the permission to carry forward operating losses and other suitable recognition of the principle of averaging income over a reasonable period of years.

"Many necessary technical and administrative amendments to the revenue laws have been urged in recent years. Decision upon them by the Congress has been deferred for one reason or another. Thorough consideration should be given the proposals at the earliest practicable date and appropriate action taken to clear up the obscurities, unintended hardships and palpable injustices in existing tax legislation.

Inter-Governmental Tax Conflict

"Under modern conditions conflicts of taxes between the states and Federal government and among the states themselves handicap the free flow of commerce and impair the economy of the nation. Every effort should be made to eliminate such conflict through effective co-ordination and simplification of federal-state and interstate tax relationships and to prevent duplicate and multiple taxation wherever practicable.

State and Local Taxes

"There should be constant attention to reduction generally of the encroachment of the Federal government upon the states' sources of revenues, both by reason of principle and in order to enable the states concurrently to relieve the Federal government of expenditures made upon their behalf."

Congressional Junkets Abroad Are Banned

House members whose summer recess plans included tours abroad, either wholly or partially at government expense, have been forced to reconsider them by a directive from President Truman, reported by the Associated Press from Washington, July 26, which stated that only Congressmen whose foreign excursions had the formal approval of Congress would have their trips arranged and expenses paid by the government.

It was understood that this regulation was the result of an unprecedented number of applications to the War Department for clearance for free or cut-rate trips. From the Associated Press we quote:

"The President's memorandum, sent to Speaker Sam Rayburn by White House aids, in effect reiterated a recent ban laid down by the late President Roosevelt against Congressional tours under Army or Navy auspices and at Army or Navy expense unless they had been formally approved by Congress.

"Committee already authorized to travel will pay their own way out of Congressional funds.

"A subcommittee of the House Foreign Affairs Committee will leave Aug. 5 for England, France and Italy. They will be followed on Aug. 12 by another group from the same committee to visit Russia and Balkans.

"On Aug. 28 about 20 members of the House Commerce Committee will leave for England and Europe to study newsprint, communications, aviation and petroleum.

"About Aug. 7 six members of the State Department subcommittee of the House Appropriations Committee expects to leave for foreign capitals. They have been invited by the State Department and do not consider their plans affected by Mr. Truman's directive.

Two other House committees—Roads and Territories—plan to investigate in Alaska and Latin-America during the recess.

"Several other groups, not specifically authorized to travel, are awaiting clarification of the President's order."

Senate Adopts Peace Charter

Only Two Votes Registered Against Measure. Connally and Vandenberg Make Lengthy Addresses Urging Full Ratification. Wheeler Stated He Will Vote for It "Reluctantly, and Will Call for Limitations on U. S. Delegate's Authority Later." Question of Future Congressional Action on Use of Military Force Still Undecided.

The Senate, on July 22, opened the debate on the United Nations Charter. Senator Tom Connally (D., Texas), the Chairman of the Senate Foreign Affairs Committee, which approved the measure, with but one dissenting vote, that of Senator Hiram Johnson (R., Calif.) opened the speechmaking with an address in which he pleaded for an overwhelming favorable vote "that would be heard around the world." He was followed by Senator Arthur A. Vandenberg (R., Mich.), also a member of the Senate's Foreign Affairs Committee, and like Senator Connally, a U. S. delegate at the San Francisco Conference. Senator Vandenberg also asked for a favorable vote.

Of the several addresses and remarks on the floor of the Senate during the debate, the only excitement to relieve the monotony of the proceedings was the storm of protest created by the statements made by Senator Burton K. Wheeler (D., Montana), in an address on July 23 extending over a period of three hours. Senator Wheeler, though stating that he will "reluctantly" vote for the U. S. adoption of the Charter, termed it a document of "pious intentions" and that it could not deal with power politics. He created a storm of protests, when he served notice that he would at a future time place a limit of the power of the United States delegate on the Security Council to use the nation's armed forces. This brought Senator Barkley, the Democratic floor leader and several other proponents of the measure to their feet in protest that to adopt the Charter, and later amend it by Senate action, would be tantamount to its repudiation, and Senator Wheeler was challenged to introduce his amendment before the Charter was ratified.

"I do not want the people of the United States," Senator Hatch, of New Mexico, asserted, "to be maneuvered into any position. If any reservation is to be offered, I should like to have it offered now. I should like it to be done frankly, clearly and honestly."

After a number of other Senators made addresses on the adoption of the Charter, during which the question of the determination of authority by Congress to authorize or limit the use of the military forces of the United States in the event that it was called for under the provisions of the Charter, a vote was finally taken on Saturday, July 28. The result was 89 in favor, and two against. The negative votes were cast by Senators William Langer (R. N. D.) and Henrik Shipstead (R., Minn.) Senator Hiram W. Johnson (R., Cal.), who as a member of the Foreign Relations Committee, opposed the measure, was too ill to attend the session in which the vote was taken and his vote was paired against the vote of Senators John Thomas (R., Ida.) and Reed (R., Kan.), who favored adoption of the Charter.

Just prior to the final vote, a message from President Truman was read and placed in the record, in which the Chief Executive promised that both Houses of Congress would be consulted on any agreement as to the allocation of U. S. military forces to the new world organization. The text of the President's message was as follows:

"During the debate in the Senate upon the matter of the Senate's giving its advice or consent to the Charter of the United Nations, the question arose as to the method to be followed in obtaining approval of special agreements with the Security Council referred to in Article 43 of the Charter.

"It was stated by many Senators that this might be done in the United States either by treaty or by the approval of a majority of both Houses of Congress. It was also stated that the initiative in this matter rested with the President and that it was most important to know before action was taken on the Charter which course was to be pursued.

"When any such agreement or agreements are negotiated it will be my purpose to ask the Congress by appropriate legislation to approve them."

Potsdam Conference Nearing Its Close

The new Prime Minister of Britain, Clement R. Attlee, with his newly-appointed Foreign Secretary, Ernest Bevin, flew to Potsdam following the British elections to take the places of Winston Churchill and Anthony Eden at the conference of the Big Three, which was reported by the Associated Press on July 28 to be nearing its climactic stage, with the conclusion expected within another few days.

It was stated that despite the surprise felt at the overwhelming defeat of the Churchill Government, confidence was expressed that the change would not result in an alteration in Britain's foreign policy.

As at earlier intervals in the conference proceedings, official statements to the press, July 29, according to the Associated Press, were that "the work of the conference is progressing satisfactorily." During the course of the preceding week Associated Press reports from Potsdam had stated that President Truman was said to have won important American aims at the conference, and to have established a cordial friendship with Premier Stalin which may result in unexpected Russian concessions. Rumors persist of the likelihood of Russia's joining with the other Allies against Japan, but, although they were strengthened by a visit from the Allies' Supreme Commander in Southeast Asia, Admiral Lord Louis Mountbatten, who flew, almost immediately after his Manila talks with Gen. Douglas MacArthur, to the Potsdam conference where he talked with the Big Three including Premier Stalin, there is no definite indication that Russia will enter the Pacific war.

Reports from Potsdam, July 29, indicated that virtually all the major questions on the agenda of the tripartite conference had been thoroughly discussed and that there remained only the work of bringing together in a single document the numerous tentative agreements of the Big Three. It is intimated that the Asiatic war may not even be mentioned specifically in the final communique.

It is stated that President Truman's wish is to return home as soon as possible and that he will probably forego a visit to England despite the cordial invitation of King George and Government leaders. The President is expected to report to the nation by radio the results of the conference immediately upon his return to Washington.

The Financial Situation

(Continued from first page)

"liberalism," and has actively espoused most of them. It is true that there seems to be no tendency toward the sort of ruthless expropriation of private property and the callousness toward human life that characterized the Russian and the German "experiments," but the fact that "due compensation" is promised existing owners of properties to be "socialized" speaks eloquently either of utter lack of responsibility as regards fiscal management, or else a blind faith in such strange financial doctrines as those sponsored by Keynes in Britain and Hansen in the United States.

But all these phases of the eruption across the Atlantic are primarily the concern of the British people. It is true, of course, that the United Kingdom is heavily indebted to us—some of the obligations acknowledged but long in default, others in that ill-defined state in which Lend-Lease has placed them—but it is doubtful whether we for that reason have any right to ask Britain to adopt or to refrain from adopting any particular internal policy. In any event it is extremely questionable in point of fact, and has been for a long, long while past, whether we should ever be able to collect any very large part of this debt no matter what party or combination of parties was in power in that country or what economic policy the government of that country adopted. We have no more right to protest or to object to the results of this election than Britain had to act in a similar way after any of the sweeping New Deal victories during the past dozen years.

Definitely of Concern To Us

But all this cannot be construed to mean that what has happened across the water is of no concern to us. On the contrary, it is a matter of very great and very direct concern to us. It is not true, so we believe, that the outcome in Great Britain affords any sound basis for encouraging a further swing to the left in this country. Doubtless it will be so construed by the New Deal politicians, who will in all probability try to use it as an instrument for adding to the influence of Secretary Wallace. They may succeed—we make no pretense of being a political prophet — but we are definitely of the opinion that there would be no logical support either for such an effort or for any success it might attain. We have had our New Deal for upwards of 12 years, and notwithstanding the alleged growth in influence of certain "Southern conservatives" in the Democratic party, we still have it, and from all appearances will continue to have it, with President Truman in the White House. Great Britain, following suit somewhat belatedly, is apparently just about to install hers—which as might be expected is a British version with the marks of Continental influences strongly in evidence. We find it difficult to imagine why any one should suppose that what the British have done affords any reason why we should want to push our own folly further or faster, or why one should suppose that the rank and file of the voters will believe so.

But there are other directions in which this election most certainly should affect our policies. Of course, there is no reason why it should be permitted to alter our ordinary relations with the United Kingdom. On the contrary, we should be foolish to stand aloof or in any way undertake to suggest that we suppose that such matters are our affair—just as we should be foolish not to trade with Russia or to take steps designed to rebuke Stalin or any of the others in that country for the way in which they conduct their internal affairs. But this is not the whole story. Both Russia and the United Kingdom are looking for much post-war "assistance" from this country. We are certainly in no way obligated to "finance" any revolutionary changes in Great Britain or the maintenance of the Communistic regime in Russia. This is not to say that private enterprise should be prevented or discouraged from lending its funds to either of these countries or their nationals on the basis of their judgment of the credit risks involved. But this is an era of a different sort of international finance, and the Bretton Woods agreements seem to promise a long continuance of that era.

Let Them Stand on Their Own Feet

These latter proposals are hazardous enough in any event. They are doubly so when questions of loans to foreign governments are very likely, indeed almost certainly, to be decided on grounds foreign to the ideas and gauges common in private industry and finance. Indeed it is this aspect of the matter which most disturbs thoughtful observers when they study the instruments in connection with the setting in which they must function. It is unlikely that the private American investor would undertake to supply the funds with which the Labor Party in Great Britain is to buy the private property of millions of British subjects—or the money required for the sweeping mechanization of British industry, which appears to be a part of that Party's plan for the future. That is, he would not do so in existing circumstances unless there are "guarantees." We must see to it that no such "guarantees," arising not so much out of conviction of the economic soundness of the projects in question as out of political pressures and predilections, are forthcoming.

Herein lies a situation which the American people would ignore at their own risk. The situation would be different if the actual results of such experiments as that in Russia were permitted to be known. In that event the world would soon learn the shortcomings of these systems. But secrecy dominates the scene in Russia, and rarely are the results of publicly owned enterprises reported accurately and understandably to the public. Let us make certain that at least so far as we are concerned these "experiments" in Russia and Britain stand on their own feet.

President Reviews American Troops

President Truman took advantage of the recess in the Potsdam conference, when Winston Churchill returned to England for the election returns, by flying to United States Army headquarters at Frankfurt-on-the-Main, Germany, July 26, to meet General Eisenhower and to review two veteran American divisions, the 84th Infantry and the 3rd Armored.

During his two hour visit with the troops, the President, according to the Associated Press in its advices from Frankfurt, expressed his delight at the opportunity of spending some time with the American soldiers. The Associated Press reported the President as saying:

"You have fought so that we can live, think and act as we like," he said. The President took off by plane at 4:17 p.m., after getting a first-hand view of the American occupation zone.

Speaking on a roadside near Weinheim, President Truman said that he was "glad to get a chance to look at good American soldiers." One regret, he added, was that in this war he was not allowed to wear a uniform, "although I tried hard enough." Instead, he said, he found himself responsible for the welfare of all American soldiers, "and I hope I can fulfill that responsibility."

The President also promised that he would try to implement the principles of his predecessor, President Roosevelt, in sponsoring a program which would permit all men to think and act as they like. The President's tour was a brief holiday from the Big Three conferences at Potsdam and covered dozens of towns surrounding Frankfurt. Apparently in good spirits, he said that he was "feeling fine."

After lunch at the headquarters of Major-Gen. Alexander R. Bolling, Commander of the 84th, the President was taken just outside Weinheim, where 286 Missourians from various outfits had assembled for his review. After shaking hands with many, he told them in a brief speech that he had admired President Roosevelt "more than any other man in the world."

Morgenthau Releases Final Report

(Continued from first page)

statesmanship on the part of our industrial and financial leaders. A great responsibility falls upon them."

Mr. Morgenthau's final report as Secretary of the Treasury closes with these words:

"In the long and sometimes trying years during which I have held stewardship over the financial affairs of this Nation, I have leaned very heavily upon the support and the inspiration of the great President under whom I served—Franklin D. Roosevelt. It was President Roosevelt who gave me the opportunity to serve. It was President Roosevelt's confidence which enabled me to carry through the policies which have governed our fiscal affairs through the crisis years of the great depression and the greatest of World Wars. I could not take leave of my stewardship without an expression of my gratitude and affection for him.

"There are bright horizons before us. Under the leadership of President Truman, we can move toward them, if we will, in the new national unity forged for us by war. We can move toward, and beyond, them with the sure confidence of a free people who have found in the ways of freedom a pattern for the solution of whatever problems may confront them."

The reason for the issuance of the report, some months in advance of the normal appearance of the annual report of the Secretary of the Treasury, and for the broad field it covers, is set forth as follows in a foreword:

"Since I am about to retire as Secretary of the Treasury, and since the more important data dealing with the operations of the Treasury Department are already available, it seems fitting that I should give an accounting of the last fiscal year under my stewardship. Actually, most operations of the Department are not rigidly partitioned into fiscal years, but are affected by developing conditions and policies. Therefore, this accounting deals broadly with the period since January 1934, the date on which I assumed the Secretaryship. And since we should utilize whatever light the past and present can throw toward the future, I am noting certain matters in which further action seems desirable."

The body of the report deals with the major subjects of Taxation, Borrowing, International Monetary and Financial Developments, and Administration.

The following is a digest of the report, by subjects:

Taxation

The report states:

"Treasury tax policy in the past 12 years has been guided by the rapidly changing needs of the nation in depression, recovery, defense and war. While holding firm to certain basic tax objectives—fairness in distribution of tax burdens, ease of administration and taxpayer compliance, and active support of the nation's economic policies—the Treasury has continually sought to adapt the tax system to fit the needs of the time. These same considerations apply to revision of the tax system that will be necessary to adapt it to post-war conditions."

The report notes that through a combination of tax increases and a rising national income the total yield of internal revenue taxes grew from $2,670.000,000 in the fiscal year 1934 to $5,340,000,000 in the fiscal year 1940, and that under the impact of war, 1940 collections were multiplied 8 times to reach $43,800,000,000 in 1945. "In contrast with World War I, when less than one-third of our expenditures were financed from taxes and other non-borrowing sources, we have in this war financed 41% of our total expenditures since July 1, 1940, from such sources, and reached a peak of 46% in the fiscal year 1945."

In the pre-war period, Treasury tax policy was directed chiefly toward making the tax system more equitable and combating tax avoidance. Loopholes which still need to be closed, it is noted, allow interest upon state and municipal securities to escape taxation, give married couples in community property states special advantages, and provide "overly generous depletion allowances on oil, gas and mineral properties."

Other recommendations during the thirties included an undistributed profits tax and steps to alleviate taxation which discriminated against certain types of business, operated as irritants or otherwise hampered business expansion. Attention was also paid to the need for coordinating Federal, State and local tax systems to prevent overlapping and conflicting taxes.

Wartime tax policy, in a series of steps, has resulted in tax revenues meeting nearly half of current expenditures, "without sacrificing standards of equity and justice," the report says. "The test of taxation according to ability to pay has in general been met through heavy reliance on progressive taxes, through special relief provisions to avoid hardship and through continued efforts to close avenues of escape from just taxation. . . . Through the introduction of withholding and the drastic simplification of individual tax returns, the compliance burden of the mass of taxpayers has been greatly eased."

The wartime tax system has also "played a major role in restricting war profiteering and curbing inflation," it is noted. This has been done without hampering wartime production, the report points out. At the same time, the Treasury has opposed a tax pattern for individuals which would "encroach harmfully upon the standard of living." Throughout the development of these policies, it is noted, emphasis has been placed upon "the need of cutting down borrowing by courageous taxation, so that our post-war debt problem would be more manageable and that our returning service men and women would not be burdened with the cost of the war they had fought for us."

In the field of post-war taxation it is noted that staff members from the Treasury have aided the Joint Committee on Internal Revenue in preparation of tax legislation, recently enacted for the pre V-J Day period, and adds that "although this legislation meets the more immediate interim problems it does not deal with more fundamental long-range aspects of post-war taxation. Work on these is being continued by the Joint Committee staff and Treasury staff."

The report also deals with the currently intensifed campaign against tax evasion and points out that "The objective of this campaign is not merely to detect and punish those who have evaded their obligations, but also to encourage respect for the law."

Borrowing

Federal expenditures in the present war period already are approximately nine times those of the World War I period—$325,000,000,000 as against $37,000,000,000—and gigantic sums have had to be borrowed by the Government to supplement its tax revenues. But the net cost of each dollar borrowed in this war is only about one-third that of the last war. This is pointed out by Secretary Morgenthau in the section of his report reviewing the Treasury's wartime borrowing program. The period covered is from June 30, 1940, to July 9, 1945, when final figures on the 7th War Loan were tabulated.

Rising interest rates which were paid on Government loans for World War I had reached an average of 4.22% on June 30, 1920, the report notes. Declining rates paid on loans for World War II were down to an average of 1.94% on June 30, 1945. The net cost per dollar borrowed for World War II has been further lowered by reason of the fact that interest paid on all Government securities issued since March 1, 1941, has been subject to the full rates of the Federal income tax, whereas the yield of World War I securities was either wholly or partially tax exempt.

"I have said on previous occasions, and I say here again, that I do not anticipate an increase in interest rates (with a consequent decline in bond prices) after this war," the retiring Secretary commented. He pointed out that while interest rates have no effect on prices during war, a low level of rates will be a highly important factor in stimulating employment in the post-war period.

The wartime borrowing program has been keyed to two objectives other than that of reasonable interest rates, the Secretary said. One of these has been the raising of the necessary funds in such a manner as to minimize inflation dangers. The other has been the offering of securities suited to the needs of purchasers.

As an anti-inflation safeguard it was necessary to borrow substantially from other sources than banks. The Treasury set about accomplishing this by offering savings bonds of Series E, F and G issues and other securities planned to meet specific needs; by launching its payroll savings plan of regular bond purchases by wage and salary earners; and by conducting war loan campaigns aimed specifically at non-bank investors.

As an indication of the success of these steps, the report notes that of a $211.000,000,000 increase in the interest-bearing public debt during the period from July 1, 1940, through July 9, 1945, non-bank investors absorbed about $122.000,000,000 and commercial and Federal Reserve Banks about $89,000,000,000.

The savings bonds offered to small individual investors as part of the wartime borrowing program are completely free from risk, it is noted. This fact is one of the important features of the Treasury plan to adapt its wartime securities to the needs of the various classes of buyers. The savings bonds have guaranteed redemption values, which protect the purchaser in the event that he is compelled to part with his securities. In contrast, securities sold to small investors in World War I were of the marketable type, and when market prices dropped precipitously after the war, many small investors suffered.

The report says that from July 1, 1940, through July 9, 1945, $51,000,000,000 was raised by selling savings bonds to approximately 85,000,000 persons. Of this total, bonds to the amount of $43,000,000,000 still are outstanding.

Of days to come, Secretary Morgenthau remarked:

"The job of war finance is not yet finished. The peak, both in war expenditures and in borrowing requirements, has probably passed; but, in some respects the most crucial period still lies ahead. This is because, while the physical dimensions of the problem are shrinking, its psychological difficulties may increase.

"Periods of crisis unite men in action for the common good, while victory too often brings relaxation and recrimination. I am sure, however, that the people of the United States are not going to hazard the post-war economic stability, which is now almost within their grasp, by prematurely relaxing their efforts on the War Bond front, or any other."

International Monetary and Financial Developments

In the sphere of international money and finance, the last twelve years have been the most important in United States history, the report notes. During the period this nation's monetary policy has had two objectives—restoration of our international economic position through revaluation of the dollar and stable exchange arrangements following revaluation.

Stabilization of currencies at exchange rates prevailing in 1933, while the World Monetary and Economic Conference was in session in London, would have perpetuated the serious overvaluation of the dollar, it is explained. But once readjustment had been effected, the Treasury proceeded with its policy of international monetary cooperation. The Tripartite Declaration of September, 1936, and numerous bilateral agreements are cited.

"The experience of the 1930's convinced me that it was possible to obtain international agreement on foreign exchange problems," Secretary Morgenthau said. "Accordingly, in 1941, I instructed the Treasury staff to begin work on the international monetary and financial problems that would confront us after the war."

From this sprang the Bretton Woods Agreements, accepted by the Congress of the United States in legislative action just completed. In the overwhelming votes by which the Bretton Woods bill was approved, Secretary Morgenthau said, "The American people and their Congress demonstrated to all that they are united in their willingness to fulfill the grave responsibilities of world leadership."

The report recites the various steps taken in carrying out gold and silver policies.

World War II, with its widespread battlefronts, presented currency and exchange problems unique in world history, the report notes. From the time in 1942 when the Treasury provided the gold coin which General Clark carried to North Africa by submarine, and throughout the campaigns in Europe and the Pacific, new procedures were required to meet totally new conditions.

The report discusses in detail the aid rendered by the Treasury to the Chinese Republic, in 1937 and subsequent years, and the steps taken to facilitate supplies for the British and French governments, prior to the institution of Lend-Lease.

The development of Foreign Funds Control, it is noted, likewise traces from activities instituted by the Treasury, several years prior to the outbbreak of World War II, to limit the benefits which aggressor nations might obtain by seizing the foreign exchange assets of invaded countries.

In the ensuing economic warfare program, the United States applied a "scorched earth" policy to currency and securities which could not be removed from the Philippines and planned similar protective measures in the event that Hawaii should be invaded. The report adds:

"We prevented the use of United States financial facilities by the enemy even in cases wherein no frozen funds were involved. Because the dollar is the strongest currency in the world, it is the medium of exchange most widely used in international transactions. Through cooperation received from our banks, we were able to examine hundreds of financial transactions handled through United States facilities or persons in countries which were not blocked, thus preventing the enemy from using channels such as South America for effecting transactions inimical to us."

As the war progressed it became apparent that the Government required further information on American property interests abroad. Under a reporting system instituted two years ago, it is noted, some 235,000 reports were obtained, and preliminary tabulations of these reports indicate total holdings abroad of approximately $13,000,000,000.

With the cessation of hostilities in Europe an orderly program for terminating freezing controls is being put into effect. The basic principles followed in this procedure, it is noted, are these:

"The rights of American creditors and other American claimants must be adequately safeguarded; assets held in the names of persons within blocked areas, but which actually belong to the enemy, must continue under American control; no benefits must be permitted to accrue to elements which have collaborated with the enemy; looted property must be returned to rightful owners and transfers executed under duress and compulsion must be vitiated."

In administering freezing controls, the Treasury has also been concerned with the large number of accounts held in the name of neutrals which actually represent enemy assets.

During the Bretton Woods Conference a resolution was adopted calling upon all neutral nations to cooperate in solving this problem, the report notes, adding:

"Our success in securing the forthright and active cooperation of the neutrals in such programs will have a direct bearing on the unfreezing of their assets in this country, for such measures can be taken only after bona fide neutral assets have been segregated from cloaked enemy assets. . . . Otherwise, neutral accounts in our own banks may serve as havens for the ill-gotten gains of Nazi war criminals. Indiscriminate unblocking might permit the Nazis to keep their loot as a nest egg for another war."

Administration

Pointing out that the United States Treasury is "the largest financial institution in the world", the section of the report devoted to administration cites a number of statistics indicating the magnitude of its operations. During the last fiscal year there passed through the Treasurer's money accounts more than $500,000,000,000 of receipts and disbursements, including public debt and currency transactions, at the rate of $1,500,000,000 per working day. The Division of Disbursement issued nearly 82 million checks, amounting to over $19,000,000,000. All told, the Treasurer of the United States paid over 332 million checks involving $189,000,000,000. The Bureau of Engraving and Printing produced 1,700,000,000 pieces of currency, bonds, notes, certificates and bills, representing a money value of $245,000,000,000. The Bureau of the Mint produced 2,600,000,000 separate domestic coins, with a money value of nearly $125,000,000 and 1 400,000,000 individual foreign coins.

In carrying out fiscal operations involving these immense sums of public monies, the retiring Secretary noted, he had been guided by three fundamental procedural principles:

"(1) The maintenance of adequate control over the funds and securities at a minimum of administrative expense; (2) prompt and courteous service to taxpayers, public creditors and others with whom the Treasury does business; and (3) a full and complete disclosure for the Congress and the nation of the financial operations of our Government."

The report notes continuous steps to improve working conditions and safeguard the health and well being of Treasury workers, and points out that the organization of more than 97,000 employees has one of the lowest turnover rates of the Federal agencies.

Establishment of a permanent Fiscal Service within the Treasury, the coordination of the work of law enforcement agencies, and the decentralization of much of the work of the Bureau of Internal Revenue through the establishment of field offices, are among the administrative improvements of recent years, as noted in the report.

The report also summarizes recommendations made by Secretary Morgenthau to the Congress and the President.

In 1939, it is noted, the Secretary suggested "that if the Ways and Means and Appropriations Committees of the House and the Finance and Appropriations Committees of the Senate would meet each session as one joint committee on fiscal policy to consider the overall aspects of the expenditures and revenue program, simplification and greater effectiveness would result."

The report also suggests simplifications of the financial structures of Government-owned corporations and more lucid public reports covering their finances. The retiring Secretary added:

"To me, the outstanding weakness in the management of Federal fiscal business is the absence of a single, responsible officer to whom the President may look for complete and comprehensive policy direction over the entire field of borrowing, lending, spending and insuring. . . . Since the Treasury Secretary is charged with the responsibility for raising the funds, managing the public debt, collecting the taxes and maintaining the accounts, he is identified as the Chief Fiscal Officer. Yet in actual practice the area of control and influence exercised by the Secretary of the Treasury is largely limited to one side of the ledger. He is not in a position to exert proper influence over the use and disposition of the funds he must raise and account for to the nation. This weakness is a material handicap to the functioning of the Treasury Department and, moreover, to the orderly and unified conduct of this Government's financial affairs."

In this direction the report suggests establishment of a National Committee for Fiscal Affairs of which the Secretary of the Treasury would be chairman. The committee would consist of representatives from each of eight subcommittees covering the fields of (1) Industrial Finance (2) Agricultural Finance (3) Foreign Finance (4) Maritime Finance (5) Money and Credit (6) Housing Finance (7) Public Works Finance (8) Federal Budget.

It is suggested in this connection that many corporate organizations could be dissolved and their functions woven into those of the executive departments. Mr. Morgenthau added that personally he felt that the responsibility for preparing and submitting the President's budget should be returned to the Treasury.

Almost coincident with the release of his report to Congress Secretary Morgenthau issued the following statement regarding the passage of the Bretton Woods bill:

"The completion of legislative action on the Bretton Woods Agreements will be an inspiration to the peoples of the United Nations who believe that international problems can and must be solved through world cooperation.

"The responsible leaders of the United Nations have recognized in the San Francisco Charter and in the Bretton Woods Fund and Bank that peace is possible only in a prosperous world. We know now that peace and prosperity are indivisible and that they can be achieved only if countries work together to bring about a better world.

"The vote of 61 to 16 in the Senate and the vote of 345 to 18 in the House show clearly that there is no partisan division in Congress or the country on this policy. The American people are united in their determination to cooperate with other countries in the settling of international problems by the method of discussion and agreement.

"Senators Wagner and Tobey and Congressmen Spence and Wolcott have given the country a splendid example of non-partisan leadership. The people of this country are indebted to them for what they did as delegates at the Bretton Woods Conference and for their fine work in securing the enactment of this legislation.

"It is hoped that the other United Nations will follow the lead of the United States by promptly accepting membership in both the Fund and Bank. Such acceptance will be the realization of the policy of international cooperation for which the Treasury has striven during its eleven years under my direction."

Vinson Takes Oath As Treasury Head

As the outgoing Secretary of the Treasury, Henry Morgenthau, Jr., looked on, his successor, Fred M. Vinson of Kentucky, took the oath of office on July 23. Mr. Morgenthau, according to the Associated Press in its Washington dispatch, told the several hundred witnesses of the ceremony that had he had the choice of his own successor "I would have picked Fred Vinson." The press account also said:

Speaker Sam Rayburn presided at the swearing-in ceremony, which was attended by cabinet members, members of Congress and friends of the new Secretary.

In a speech of acceptance, Mr. Vinson said he faced the future "with no illusion as to the ease of the task," and called for the co-operation of the American people.

"I believe in the common sense of the American people," he said. "The Government can't do the job alone. The American people must do the job."

Mr. Vinson said, "There are trying, difficult days ahead, both on the home front and on the war front."

"We must have a stable world, else our economy will not be stable," he declared. "You cannot have a stable world economy without a sound stable economy in the United States of America."

Vinson praised Morgenthau as a man "who has kept the faith."

Mr. Morgenthau also won the plaudits of Congressional leaders for his eleven and one-half years of service through one of the most momentous financial periods in the nation's history. "I doubt if any man in history had the difficulties in financing the country in trying times that he had," Senator White declared.

Representative Patman of Texas, added the conviction that with Mr. Morgenthau "will go the approbation of the American public for a job excellently done."

Ooms Patent Commissioner

Casper Ooms of Illinois, nominated by President Truman on July 12 to be Commissioner of Patents, was sworn into office on Casper Ooms of Illinois, nomi- July 20. The Senate confirmed the nomination July 19. The Patent Office, now that Mr. Ooms has assumed office, can resume the issuance of patents, said Associated Press advices from Washington, July 20, which further stated:

For a time no patents were issued, as they have to be signed by the Commissioner or Acting Commissioner. The 30-day limit in which the Acting Commissioner can sign them, however, ended before Mr. Ooms took the oath.

Mr. Ooms, 32-year-old patent lawyer from Chicago, succeeds Conway P. Coe, resigned.

Five Year Survey by SEC of Listed Corporations

Making public on July 17 another in the series of statistical reports of the survey of American listed corporations, the Securities and Exchange Commission stated that this survey of "balance sheet data, 1939-1943," is presented in three parts, of which Part I was released on the date indicated. The Commission states:

"The five-year survey covers 118 industry groups with total assets of approximately $62,000,000,000 in 1943. Parts I and II contain data on 1,120 companies in 76 manufacturing industry groups and Part III contains data on 413 companies in 42 non-manufacturing industry groups. The total assets of the 76 manufacturing groups, amounting to approximately $53,000,000,000 in 1943, are estimated to be more than half the assets of all manufacturing enterprises in the United States.

"The study was compiled at the request of various government agencies and data are presented for each individual company and for each combined industry group.

"Data for the 498 companies in 1939, 508 in 1940, 519 in 1941, 528 in 1942 and 527 in 1943, included in the 40 manufacturing groups presented in Part I, show that net worth, total assets and net working capital increased in each of the years. Net worth increased from $7,684,033,000 in 1939 to $9,408,617,000 in 1943; total assets increased from $10,210,109,000 to $18,831,843,000, and net working capital increased from $4,463,189,000 in 1939 to $6,579,794,000 in 1943."

Regarding dividends, cash and cash items, assets, etc., of the companies surveyed, the Commission has the following to say:

"Dividends paid by these companies on their preferred stock amounted to $88,438,000 in 1939, $87,858,000 in 1940, $102,909,000 in 1941, $100,867,000 in 1942 and $112,190,000 in 1943, of which $6,957,000, $9,351,000, $19,051,000, $16,194,000 and $14,787,000, respectively, were arrears paid in cash. Dividends paid on their common stock amounted to $437,033,000 in 1939, $508,621,000 in 1940, $565,586,000 in 1941, $501,979,000 in 1942 and $530,582,000 in 1943, of which $4,417,000, $4,581,000, $2,816,000, $4,141,000 and $10,832,000, respectively, were paid in stock.

"Cash and cash items of $1,184,221,000 in 1939 rose during the five years covered to reach $2,640,524,000 in 1943. Marketable securities of $363,018,000 in 1939 declined to $337,172,000 in 1940 and then rising in each year reached $1,803,576,000 in 1943; in the latter year they included $548,648,000 of United States tax notes. Trade receivables increased in each of the years covered advancing from $1,202,794,000 to $2,868,048,000. Inventories followed the same pattern and increased during this period from $2,850,836,000 to $5,520,099,000. Total current assets were $5,670,669,000 in 1939, increased in each year and reached $13,612,563,000 in 1943.

"Land, buildings and equipment before reserves rose from $6,514,521,000 in 1939 to $7,566,489,000 in 1943. After deduction of reserves, land, buildings and equipment was $3,508,906,000 in 1939 and rose to $3,841,748,000 in 1941 and then declined to $3,675,630,000 in 1943. Emergency plant facilities included in land, buildings and equipment, net, amounted to $24,298,000 in 1940, $115,979,000 in 1941, $180,377,000 in 1942 and $149,375,000 in 1943.

"Post-war refunds of excess profits taxes in 1943 which these companies will receive from the U. S. Government amounted to $283,943,000 for the 527 companies reporting in that year.

"Notes payable, accounts payable and accrued items increased in each year. From 1939 to 1943 they climbed from $238,418,000 to $787,150,000; $316,223,000 to $1,391,297,000; and from $434,456,000 to $3,720,232,000, respectively. U. S. tax notes in the amount of $83,346,000 in 1941, $445,002,000 in 1942 and $978,516,000 in 1943, were deducted by registrants from their tax provisions included in accrued items. Total current liabilities rose in each year and advanced from $1,207,480,000 in 1939 to $7,032,769,000 in 1943.

"Total long-term debt of $843,117,000 in 1939 declined to $829,790,000 in 1940 and then rose in each year to reach $1,130,258,000 in 1943. Total preferred stock reported as $1,408,753,000 in 1939 declined in 1940 to $1,394,285,000 and then rose to $1,437,892,000 in 1942 and again declined to $1,428,073,000 in 1943. Total common stock increased in each year and rose from $3,476,368,000 in 1939 to $3,539,055,000 in 1943. Capital surplus increased from $856,693,000 to $955,681,000 and earned surplus increased from $1,942,221,000 to $3,485,791,000 during the period covered.

"Of the 40 industry groups covered in this volume, aircraft and aircraft equipment reported the largest total assets in 1943. Data reported for this industry group are for 28 registrants in 1939, 31 in 1940, 32 in 1941, 33 in 1942 and 31 in 1943. The net worth reported by these companies amounted to $171,127,000 in 1939, $231,861,000 in 1940, $313,650,000 in 1941, $414,456,000 in 1942 and $465,535,000 in 1943. Total assets for these same companies rose from $327,939,000 in 1939 to $873,625,000 in 1940, $1,545,357,000 in 1941, $2,820,868,000 in 1942 and $3,392,088,000 in 1943. These same companies show that net working capital increased from $81,178,000 in 1939 to $86,771,000 in 1940, $178,747,000 in 1941, $292,809,000 in 1942 and $434,902,000 in 1943. Dividends on preferred stock were $2,407,000 in 1939, $2,506,000 in 1940, $2,432,000 in 1941, $4,036,000 in 1942 and $3,899,000 in 1943, while dividends paid on the common stock of these companies amounted to $19,255,000 in 1939, $30,950,000 in 1940, $43,363,000 in 1941, $37,831,000 in 1942 and $39,091,000 in 1943. During the five years covered, total current assets increased from $233,223,000 to $3,086,186,000. During the same period, total current liabilities increased from $152,045,000 to $2,621,284,000.

"The group showing the second largest total assets in 1943 was electrical supplies and equipment, miscellaneous with 32 companies reporting in 1939, 1940 and 1941 and 33 companies reporting in 1942 and 1943. These companies reported net worth of $590,346,000 in 1939, $603,977,000 in 1940, $664,933,000 in 1941, $691,338,000 in 1942 and $715,135,000 in 1943. Total assets amounted to $766,464,000 in 1939, to $861,571,000 in 1940, $1,167,318,000 in 1941, $1,489,671,000 in 1942 and $1,473,716,000 in 1943. Net working capital for these same companies advanced from $332,709,000 in 1939 to $378,033,000 in 1940, $441,611,000 in 1941, $468,090,000 in 1942 and $524,326,000 in 1943. Dividends paid on the preferred stock of these companies amounted to $1,226,000 in 1939, $1,776,000 in 1940, $1,662,000 in 1941, $1,705,000 in 1942 and $1,662,000 in 1943 with dividends on the common stock amounting to $55,411,000 in 1939, $74,700,000 in 1940, $73,983,000 in 1941, $61,594,000 in 1942 and $61,238,000 in 1943. Total current assets for these registrants rose from $448,740,000 in 1939 to $1,073,199,000 in 1942 and then declined to $1,043,682,000 in 1943, while total current liabilities rose from $86,031,000 in 1939 to $605,109,000 in 1942 and then decilned to $519,356,000 in 1943.

"The industry group reporting the third largest total assets in 1943 was railroad equipment with 19 companies reporting in 1939 and 1940 and 20 companies reporting in 1941, 1942 and 1943. These companies reported net worth of $621,311,000 in 1939, $638,757,000 in 1940, $659,113,000 in 1941, $673,051,000 in 1942 and $681,736,000 in 1943. Total assets of these companies rose from $765,889,000 in 1939 to $840,722,000 in 1940, $972,437,000 in 1941, $1,250,829,000 in 1942 and $1,371,720,000 in 1943. Net working capital for these registrants amounted to $211,894,000 in 1939, $230,641,000 in 1940, $254,940,000 in 1941, $297,752,000 in 1942 and $315,779,000 in 1943. These corporations paid dividends on their preferred stock amounting to $976,000 in 1939, $963,000 in 1940, $2,368,000 in 1941, $4,665,000 in 1942 and $12,204,000 in 1943 and dividends on the common stock amounting to $10,436,000 in 1939, $22,408,000 in 1940, $27,945,000 in 1941, $27,985,000 in 1942 and $27,139,000 in 1943. Total current assets for the group amounted to $266,335,000 in 1939 and rose in each year to reach $832,810,000 in 1943, while total current liabilities amounted to $54,441,000 in 1939 and rose in each year to reach $517,031,000 in 1943."

Bill Would Broaden Unemployment Aid

A bill introduced in the Senate July 17, goes further than similar legislation introduced by Representative Doughton (D.-N. C.), before the House recessed for the summer, in seeking to carry out President Truman's request for broader unemployment compensation payments. The Senate bill, introduced by Senator Harley M. Kilgore (D.-W. Va.), in addition to augmenting State unemployment benefits with Federal funds to bring payments to a maximum of $25 a week and extending the duration of payments to twenty-six weeks in any year, as reported from the Associated Press from Washington, would:

"1. Amend the so-called G.I. Bill of Rights to increase veterans' unemployment benefits from a flat $20 a week to $25 for single persons and $30 for those with dependents. In addition, veterans would have to serve only ninety days instead of the present nine and one-half months to qualify for the maximum of 52 weeks of payments.

"2. Provide for payment of travel allowances to workers referred to new jobs in another city by the United States Employment Service. These allowances would not exceed amounts paid to civilian employes of the Government.

"3. Extend benefits to Federal workers, maritime workers, agricultural processing workers and those employed in small firms not now covered by State laws.

"4. Amend the Federal unemployment tax act to extend its provisions to employers of one (instead of eight) or more, effective January 1.

"The House bill made no additional provision for veterans, nor did it include travel allowances or coverage of agricultural processing workers.

"Senator Kilgore listed as co-sponsors Senators Murray (Mont.), Wagner (N. Y.), Thomas (Utah), Guffey (Pa.) and Pepper (Fla.)."

Bonds of City of Brisbane Drawn for Redemption

Holders of City of Brisbane Thirty-Year Sinking Fund 5% Gold Bonds due March 1, 1957, are being notified that, in operation of the sinking fund, $44,000 of the bonds have been drawn by lot for redemption on Sept. 1, 1945, at 100%. The selected bonds, with unmatured interest coupons attached, should be surrendered at The National City Bank of New York, 55 Wall Street, New York. Interest on the selected bonds will cease from and after the redemption date. On July 23, 1945, $12,000 principal amount of bonds previously called for redemption had not been presented.

Guaranteed Full Employment Plan in Labor-Management Contract Ordered by WLB

The insertion of a guaranteed full employment plan in a labor-management contract was ordered by the War Labor Board on July 28, at which time, with industry members dissenting, it upheld the New York Regional Board in directing that such a plan be inserted in the first contract being negotiated for 300 salesmen employed by 88 Thom McAn Shoe Stores in the New York metropolitan area. Associated Press advices from Washington, reporting this, further said:

"The United Retail, Wholesale and Department Stores Employees (C.I.O.) represents the men.

"The plan provides for a guaranty of 44 hours a week for 52 consecutive weeks per year for regular full time employees and five nights and a Saturday weekly for 52 weeks for regular part time workers.

"The Board said that the union-sought clause is in the standard contract for the industry in New York and that the company operating the stores—Melville Shoe Corporation—subscribes to it in practice but did not wish to be bound by contract to a plan barring lay-offs irrespective of needs.

"The Board last November refused to grant a union-requested clause guaranteeing 50 weeks of 40 hours each in the Big Steel dispute case, but said it would have approved any reasonable plan agreed to by the union and the companies.

"A sub-committee of the Office of War Mobilization Advisory Board has asked Murray W. Latimer, Chairman of the Railroad Retirement Board, and Arthur S. Meyer, New York labor relations expert to make a presidential-directed study of guaranteed wage plans.

The WLB also reversed the regional board and divided 7 to 5, in refusing to require the company to grant to regular employees six working days sick leave with full pay during the year. But over the protest of industry members, it directed the company to put into operation its offer to supplement its group health and insurance plan by granting full-time employees employed for more than six months but less than a year three days sick leave a year with full pay.

"The National Board also vacated a provision of the regional Board's order requiring the employer to fill all job vacancies. It upheld all other parts of the regional order which denied a closed shop, granted maintenance of membership, denied a differential for women salesmen, granted two weeks vacation after one year of service and denied a progression schedule for apprentices.

Exch. by NY Reserve Of Danish Currency

Announcement was made on July 27 by the Federal Reserve Bank of New York that arrangements have been made whereby, up to and including Aug. 13, the recently called Danish krone currency notes issued by the Danmarks Nationalbank, the central bank of Denmark, may be forwarded to the Reserve Bank, accompanied by a written application for the exchange of such notes for an equivalent amount of Danish currency of new issue. The Reserve Bank's announcement, issued by President Allan Sproul, follows:

"The Danish authorities have recently announced that Danish krone currency notes in all denominations heretofore issued by Danmarks Nationalbank (which is the central bank of Denmark) dated 1943 or previous years have been withdrawn from circulation in Denmark on July 23, 1945; that new Danish currency notes dated 1944 are being issued; and that importation of called notes into Denmark on or after July 23, 1944, is prohibited except with the permission of Danmarks Nationalbank.

"Arrangements have been made whereby up to and including Aug. 13, 1945, all such called notes held in the United States or its territorial possessions may be forwarded to the Federal Reserve Bank of New York for account of Danmarks Nationalbank accompanied by a written application for the exchange of such notes for an equivalent amount of Danish currency notes of the new issue. Such application should be submitted *in duplicate*, should be sworn to before a notary public or similar officer, and should contain the following information: (1) The full name, address, nationality and occupation of the applicant. (2) If the applicant is not the owner, the same particulars should also be given about the owner. (3) The number and denomination of each note, and the total face amount of notes deposited. (4) A full statement of the manner in which the notes were acquired, including how, when, where, from whom and for what purpose. (5) What the applicant knows concerning the circumstances under which the notes were imported into the United States, including the names of the persons participating therein, the date of importation and the date of exportation from Denmark, whether or not such exportation was authorized by the Danish authorities and the reason if not so authorized. If the applicant has no knowledge or information concerning such circumstances he should so state. (6) That the owner of such notes holds no other called Danish currency notes than those listed in such statement and has made no other application for redemption. Any available documentary evidence in support of such application should be attached thereto. If such notes were included in a report filed on Treasury Department form No. TFR-300 or No. TFR-500, it would be helpful for the applicant to state that fact.

"The Federal Reserve Bank of New York will receive and hold such notes for account of Danmarks Nationalbank, will give the holder a receipt, and will transmit the accompanying application to the appropriate Danish officials. The Danish authorities state that if they are satisfied that the notes are genuine and were acquired legitimately the holder will receive new Danish currency notes, krone for krone.

"The notes and applications should be sent to Federal Reserve Bank of New York, Foreign Department, Federal Reserve P. O. Station, New York 7, N. Y. They will be sent at the expense and risk of the holder; and they may be sent direct or through the holder's bank. The Federal Reserve Bank of New York is not authorized to receive any notes after Aug. 13, 1945, unless mailed in an envelope postmarked not later than Aug. 13, 1945, or forwarded by a bank with a statement to the effect that they were received by such bank on or before Aug. 13, 1945."

Taylor Back From Abroad

Myron C. Taylor, personal representative of the late President Roosevelt to Pope Pius XII, recently returned from abroad, accompanied by Mrs. Taylor. After leaving Rome they visited Paris and London. Mr. Taylor on his arrival at LaGuardia Field on July 14 is said to have declined to comment on his trip or affairs abroad.

Surrender Ultimatum Rejected by Japan

Described by President Truman's press secretary, Charles Ross, as, "in effect, an ultimatum by the three major powers at war with Japan," a proclamation was issued from Potsdam, Germany, on July 26, by the United States, Great Britain and China, offering Japan a last chance to accept Allied terms of surrender or suffer consequences even worse than those inflicted upon Germany.

The text of the three-power proclamation as issued from Washington by the Office of War Information, and reported by the Associated Press, follows:

"1. We, the President of the United States, the President of the national government of the Republic of China and the Prime Minister of Great Britain, representing the hundreds of millions of our countrymen, have conferred and agreed that Japan shall be given the opportunity to end this war.

"2. The prodigious land, sea and air forces of the United States, the British Empire and China, many times reinforced by their armies and air fleets from the west, are poised to strike the final blow at Japan. This military power is sustained and inspired by the determination of all Allied nations to prosecute the war against Japan until she ceases to resist.

"3. The result of the futile and senseless German resistance to the might of the aroused free peoples of the world stands forth in awful clarity as an example to the people of Japan.

"The might that now converges on Japan is immeasurably greater than that which, when applied to the resisting Nazis, necessarily laid waste to the land, the industry and the method of life of the whole German people.

"The full application of our military power, backed by our resolve, will (underscored) mean the inevitable and complete destruction of the Japanese armed forces and just as inevitably the utter devastation of the Japanese homeland.

"4. The time has come for Japan to decide whether she will continue to be controlled by those self-willed militaristic advisers whose unintelligent calculations have brought the Empire of Japan to the threshold of annihilation, or whether she will follow the path of reason.

"5. The following are our terms: we will not deviate from them; there are no alternatives; we shall brook no delay.

"6. There must be eliminated for all time the authority and influence of those who have deceived and misled the people of Japan into embarking on world conquest, for we insist that a new order of peace, security and justice will be impossible until irresponsible militarism is driven from the world.

"7. Until such a new order is established and until there is convincing proof that Japan's war-making power is destroyed, points in Japanese territory to be designated by the Allies shall be occupied to secure the achievement of the basic objectives we are here setting forth.

"8. The terms of the Cairo declaration shall be carried out and Japanese sovereignty shall be limited to the Islands of Honshu, Hokkaido, Kyushu, Shikoku and such minor islands as we determine.

"9. Japanese military forces after being completely disarmed shall be permitted to return to their homes with the opportunity to lead peaceful and productive lives.

"10. We do not intend that the Japanese shall be enslaved as a race or destroyed as a nation, but stern justice shall be meted out to all war criminals, including those who have visited cruelties upon our prisoners.

"The Japanese government shall remove all obstacles to the revival and strengthening of democratic tendencies among the Japanese people. Freedom of speech and religion and of thought, as well as respect for the fundamental human rights, shall be established.

"11. Japan shall be permitted to maintain such industries as will sustain her economy and permit the payment of just reparation in kind, but not those industries which will enable her to rearm for war.

"To this end access to, as distinguished from control of, raw materials shall be permitted. Eventual Japanese participation in world trade relations shall be permitted.

"12. The occupying forces of the Allies shall be withdrawn from Japan as soon as these objectives have been accomplished and there has been established in accordance with the freely expressed will of the Japanese people a peacefully inclined and responsible government.

"13. We call upon the government of Japan to proclaim now the unconditional surrender of all Japanese armed forces, and to provide proper and adequate assurances of their good faith in such action. The alternative for Japan is prompt and utter destruction."

Japan's rejection of the surrender ultimatum was expressed officially by Premier Kantaro Suzuki, and quoted by the Tokyo radio in a Japanese-language broadcast beamed to the United States and recorded by the Federal Communications Commission, according to the New York "Times" on July 30, in a declaration that "so far as the Imperial Government of Japan is concerned it will take no notice of this proclamation."

The Associated Press, on July 27, from San Francisco, had reported that the semi-official Japanese Domei news agency published the statement that the Allied ultimatum to surrender or meet destruction would be ignored, but that a few hours later the Tokyo domestic radio toned down the news agency's comments by its assertion that the hard-pressed empire would "adopt a policy to strive toward completion of the Greater East Asia war, in conformity to the hitherto established basic principles"; Domei had declared that Japan would fight "to the bitter end."

However, Suzuki's statement, as given in the New York "Times" July 30 report, termed the Allied ultimatum "merely an expansion of the Cairo Declaration," and declared that "there is no change whatsoever in the fundamental policy of our Government in regard to the prosecution of the war."

Opposes Morgenthau's Proposal

According to the Associated Press, U. S. Budget Director Harold D. Smith expressed astonishment when informed of the late Secretary of the Treasury Morganthau's proposal to shift the Budget Bureau to the Treasury Department where, according to Mr. Morgenthau, it had been originally placed. According to the Associated Press dispatch, Budget Director Smith said he felt "a certain astonishment" because the Treasury never has had the responsibility of preparing the Government's annual fiscal estimate.

Mr. Smith added to a reporter, continues the dispatch, that although the Budget Bureau had a "loose connection" with the Department until 1939, it never was under Treasury control.

Other budget officials also opposed Mr. Morgenthau's recommendation, saying the Bureau is a part of the President's staff, and should remain so.

Surrender Terms For Japan Urged

A communication is purported to have been sent to President Truman urging him to stop the Pacific "slaughter" by outlining specific surrender terms, according to a statement by Senator Kenneth Wherry, of Nebraska, Republican whip in the Senate, who said he had been informed by a "high military source," whom he declined to name, that such a communication had been sent.

Under suggestions in the alleged communication, the Associated Press reported from Washington, July 23, Japan would be stripped of its conquests and steps would be taken to destroy its capacity for aggression, but the Emperor would retain his throne and Japan proper would avoid occupation.

Senator Wherry told a reporter he was given to understand that the "high military source" compiled a list of Japanese "peace feelers" indicating the terms on which Japan might stop fighting. Partly on the basis of this compilation a letter to Mr. Truman was drafted, Senator Wherry quoted his informant as saying. Senator Wherry said he was not informed who actually wrote the letter, but he understood that the "high military man"—there was no indication just how high he was—agreed with the tenor of the letter.

The Associated Press account as given in the New York "Herald-Tribune" continued:

The purported communication to the President, an unsigned copy of which Senator Wherry handed to a reporter, follows:

"President Harry S. Truman
"Potsdam Conference
"Potsdam, Germany

"Won't you stop slaughter of American boys and Japanese civilians immediately by message from Potsdam promising Japan that immediately after her unconditional surrender the Emperor will be reinstated in accordance with Secretary Byrnes' promise that Japan shall retain her social and religious freedom and that the Emperor shall be empowered to set up a new Cabinet, acceptable to the Allies and one that will protect our vital interests. Further, that we do not regard military occupation of Japan proper as necessary but that a control commission be authorizeed to see to it that while Japan's social and economic problems are left in her own hands, her capacity for military aggression shall be completely destroyed. Other terms would be as already proclaimed in Cairo Declaration, with the added provision for the ordered withdrawal of Japanese troops from the Continent after the Allies have moved in."

Senator Wherry said he thought that if terms such as these were not acceptable to the President and the State Department, Mr. Truman ought to lay down the conditions that were.

"If those terms aren't harsh enough," Senator Wherry said, "then let's fix terms that are and let the Japanese know what they are. If we can end this war on our own terms by just stating the conditions now, we might save a great many lives."

Acceptance by Japan of the Cairo conditions, it was pointed out, would strip her of all of the islands in the Pacific which she has seized or occupied since the beginning of World War I in 1914.

She also would be forced to give up to the Chinese Manchuria, Formosa and the Pescadores and would, in the language of the Cairo Declaration, be "expelled from all other territories which she has taken by violence and greed."

The Cairo Declaration, signed by President Roosevelt, Prime Minister Churchill and Generalissimo Chiang Kai-shek, also pledged freedom and independence for Korea "in due course."

Equal Rights Bill Wins House Group Approval

Before recessing for the summer, the House Judiciary Committee reported favorably the equal rights amendment, thus placing it for the first time on the House calendar although it has been introduced every year for 21 years. The New York "Times," in reporting the committee's action, in a special dispatch from Washington, July 16, pointed out that a minority report, made by seven members of the 27-member committee, made last minute passage before the House recessed, impossible at present when one objection blocks legislation. The Associated Press reported:

"Nothing will be done about it until Congress reconvenes," said Representative Summers, chairman of the Judiciary Committee. "And then we will have to have a rule before it comes to the floor. I don't know what the disposition of the Rules Committee will be."

The committee voted on April 24 to report the amendment favorably. The delay of almost three months since then was attributed to the heavy duties of those who wrote the report. The sharp difference of opinion between the majority and the minority reports indicated a lively debate when the measure eventually reaches the floor.

The text of the amendment, as given in Washington advices to the New York "Herald-Tribune," follows:

"That equality of rights under the law shall not be denied or abridged by the United States or any state on account of sex. Congress and the several states shall have power, within their respective jurisdictions, to enforce this article by appropriate legislation. This amendment shall take effect three years after the date of ratification."

The same account said:

The majority report, written by Representative Cravens (D.-Ark.), directed attention to the fact that "the platforms adopted by both major political parties included in their 1944 platforms recommendations in support of a so-called equal rights amendment.

"The committee definitely feels that the laws of many States and of the United States, under the guise of protecting the safety and welfare of the female sex, have in fact discriminated against such sex in various economic fields of activity or have entirely excluded females from participation in economic fields in which they are as equally proficient as men and in which they can serve without injury to their health or the public interest." The question was raised as to whether "claimed benefits" of such laws might be "without substance."

"To say the least of the matter," the majority report added, "many of the large organizations of women represented at hearings before the committee have expressed a sincere desire to waive the so-called preferential benefits now accorded to women by various laws so as to permit them to follow economic activities from which they are now excluded."

"Minority views took up four pages of the six-page report. Representatives Celler of New York Lane of Massachusetts, Gorski of Illinois, Feighan of Ohio, all Democrats, and Gwynne, Republican of Iowa, joined in a statement calling the proposed legislation a "Mischief-breeding abstraction."

They claimed that it would "erase from the statute books laws relating to widow's pensions, the right of dependent wives and children to support of husband and father, alimony, and guardianship," and would "offer no alternative safeguarding measures." They pointed out that the amendment "is not supported by any major labor group nor by any organization having long experience in the field of industrial problems," since "it would destroy State wage-and-hour laws for women and bring back sweatshop employment standards." They said that numerous women's organizations were opposed to the amendment, and prophesied that it would "boomerang in the form of 'unequal rights'."

Representative Hobbs (D.-Ala), and Russell (D.-Tex.), added a charge that the equal rights amendment would "mean further centralization of power in Washington and in a field that is most sacred."

They added: "The power here sought to be taken from the States is to regulate the home, the marriage relation, the welfare of children under parents, property rights of wives, widows and orphans, and the health, happiness and morale of most of the sovereign people."

Australia Complains Jap Terms Too Easy

Australia's Minister for External Affairs, Herbert V. Evatt, expressed dissatisfaction with the terms of surrender offered Japan in the Allied ultimatum issued July 26, and complained that Australia had not been consulted before issuance of the proclamation, according to United Press, Sydney, advices, July 29.

Mr. Evatt said, the report stated, that the proclamation foreshadowed peace terms for Japan more lenient than those which may be offered Germany, and charged that even a slight sign of any tenderness toward Japanese imperialism is entirely misplaced. Such signs appear, he said, "despite the outrageous cruelties and barbarities systematically practiced by and under the Japanese imperialist regime, detailed evidence of which was obtained by the Australian Government and placed before the War Crimes Commission in London."

Mr. Evatt went on to say, according to the United Press, that:

The post-war security of Australia, New Zealand and India was bound up in the future of Southeast Asia, and depend upon the peace settlement with Japan, yet Australia's first knowledge of the proclamation came from press reports.

"In all Australia's past statements of foreign policy," he said, "we have fully recognized the right of initiative of the leadership of the main belligerents, in relation to preliminary discussioins of a peace settlement, but before final, definite decisions are taken, nations like Australia, which have been most active in the war, are also entitled to participate through their accredited representatives in all relevant deliberations and conferences.

"In the particular case of the ultimatum against Japan, this principle was departed from. It is hoped that the United Kingdom Government will, in the future, insist upon its full rank and recognition.

"In spite of the lessons that should have been learned from the many early disasters of the Japanese war, there are still some people now who do not realize that the post-war security of the Australian and New Zealand peoples, and India too, are integrally bound up with the destiny of Southeast Asia and are therefore directly dependent upon the terms of the peace settlement with Japan," he continued.

"The ultimatum was of fundamental importance to Australia, yet our first knowledge of both its terms and publication came from the press.

"Special steps were rightly taken to secure the concurrence of China in the ultimatum, but Australian interest and concern are no less significant than those of China."

Danger to American Democracy In United Nations World Charter

(Continued from first page)

istic Americans is that they judge all the other countries on the face of the earth by the same high ideals and principles which we have here in the United States. They do not realize that the people of many of the countries in Europe and Asia do not even know what democracy means, because they have never understood it. They have been ruled by an iron hand. Democracy means one thing to a Chinaman or a Russian, and it means quite a different thing to the people of the United States.

What other power on earth is going to sacrifice itself to guarantee the strengthening and perpetuation of our way of life if not America?

Mr. President, what I am saying is simply this: This charter expresses the maximum of agreement possible among the great victor powers in this war. I assume that to be correct. It has been heralded across the world as the great beginning of a new and warless world. It is, we have been told, a seed which must be watered and nourished that a great tree of peace and security may some day shelter the international lions and lambs together beneath its shade.

But, Mr. President, the facts which I have herein documented point to another and wholly different conclusion. If this is the beginning of genuine international cooperation and good faith, it is also the end. Does any sane man in his right mind think that the horror that has been loosed upon a suffering and broken humanity has furthered the possibility of peace and security—or the guarantee of the "four freedoms"? Does anyone imagine that the chaos, famine, disease, immorality, suffering, and the stinking desert of conflict that has been made of Europe and that is fast being spread over the Orient, is fertile ground in which the roots of democracy can flourish? Are the proponents of this charter attempting to tell the American people that the catastrophic consequences of this most hideous struggle of all time are conducive to the development of stable governments and societies in which the lessons of the past are so integrated into the social, legal, and diplomatic structure of nations that we may look now toward reliance upon a new reign of law and not to a reversion to trust in brute force? Any man who holds out such an ethereal dream as a prospective reality to the American people is simply deluding himself.

Can it be possible that America has not yet learned her lesson? Can it be that this fatuous marriage of idealism with a neo-realism based on pure and unadulterated might and violence which our propaganda peddlers have sold to the American people is not the cause for the present pathological state of mind that holds this country in its grip? Are we such fools that we are pointing to the outcome of this war as a gracious and unprecedented blessing to American hopes and dreams, to American security and to American society in the years ahead?

Mr. President, Miss Dorothy Thompson was one who screamed for our entrance into this war. She shouted that she would gladly give her son for the cause. She was in the vanguard of those who took every occasion to turn the minds of the American people against what I believe to be their own highest interests. Yet on July 19, 1945, Miss Thompson wrote:

"We began the war with the Atlantic Charter and will end it with no compass or standards whatever, in a world of chaos. We began it to 'end war' and shall finish it with an international armaments race between the victors."

Is there any question about that, with Russia already saying that she wants a big navy, and we pleading for peacetime conscription?

Miss Thompson further said:

"We made it in behalf of the 'peace-loving' nations and shall finish it with permanent conscription in the United States."

Mr. President, I predict here and now that unless the present trend in international affairs is arrested, unless the resort to the brutal and inhuman practices of power politics is killed at its roots, Dorothy Thompson's warning inevitably will be fulfilled in a third world catastrophe that will befall us whether we want it or not. I am afraid that American statesmen have learned nothing from history, for, by the provisions of this charter, we seem to be repeating the tragic blunders of the past. When I was in Europe I talked with some of our leading diplomats. They all said Europe has learned nothing from this war. As a matter of fact, Mr. President, there is today not a country in Europe which, if it had the money, the men, and the machines, would not be at the throat of another.

Elizabeth Latimer wrote of the Holy Alliance in her book, Russia and Turkey:

"By the Congress of Vienna in 1815 it was laid down as a law of Europe that there were five great powers, namely, England, France, Russia, Prussia, and Austria. There were seven second-rate powers, namely: Spain, Portugal, Naples, Turkey, Holland, Sweden, and Denmark. Besides these there were third-rate states more or less dependent on the five great powers. It was agreed that no one of the five great powers was to aggrandize itself (except as regarded colonies) without giving the other four a right to take something to their own advantage, that would keep even the balance of power. If any two great powers went to war the other three had liberty to negotiate, or if need were, to intervene by force of arms, provided there was a chance that the balance of power might be disturbed."

But, Mr. President, these are not the only mistakes we are repeating. We are continuing lend-lease into the hands of the bitterest rivals history records. We can expect only one result from such misguided action.

Mr. President, it was on May 22, 1933, that Mr. Norman H. Davis, Chairman of the United States delegation at the General Disarmament Conference in Geneva, joined with Britain in setting in motion this bloody war we have just finished. That was the year in which Mr. Molotov said:

"The danger of new wars has become particularly imminent."

England had just embarked on a policy which called for the rebuilding of Germany's military strength, overriding France's bitter protest at the Conference. President Roosevelt's representative, Mr. Davis, remarked before the Conference:

"It would neither have been just nor wise, nor was it intended that the Central Powers should be subject for all time to a special treatment in armament."

Just prior to May 22, 1933, when this speech was made, Hitler had made a speech in the Reichstag demanding that Germany be restored to an armament parity with the other nations of the world. Mr. Davis said in regard to that speech:

"The recent speech by the German Chancellor before the Reichstag clarifying the German attitude and policy with regard to disarmament and endorsing the proposal of President Roosevelt has been most helpful. This, and also the subsequent announcement made here by our colleague, Herr Nadolny, of Germany's acceptance of the British plan as the basis of the future convention, have so altered the situation as to justify us in assuming that we can now resume our consideration of this plan with real hope of agreement."

Can it any longer be said that our failure to enter the League of Nations brought on the World War? There was our own representative at the Conference saying that Germany should be permitted to rearm. There were the British saying, in spite of the French protests, that Germany should be permitted to rearm. So it cannot be said that members of the Senate were responsible for what happened, because our own representatives at the Conference put their stamp of approval upon it.

In the same year the American Government not only tolerated the expanding aggression of Japanese war lords, but we actually increased the flow of oil, scrap iron, and other essential war materials to Japan, without which Japan would have been helpless to expand her aggression, without which there could have been no Pearl Harbor. And up until the year 1939 in Europe and 1941 in Asia, by our stupid policies which actually served to build up both Hitler and Tojo, by attempting to prevent the inevitable consequences which followed on these blunders, and by swinging from the extreme of appeasement to that of war, we found ourselves compelled to build up Russia, which only a few months before we had denounced as one of most tyrannical governments on the face of the earth.

We were told that America in so doing was to serve as the arsenal of democracy. But I submit, Mr. President, that nothing could be further from the truth. The staggering truth about the consequences of our stupidity is that by this war we have caught the peoples of Europe and the peoples of Asia in the mighty jaws of a military machine unprecedented in history, a machine which we helped to strengthen and enlarge until the mind of man cannot even grasp the extent of its destructive fury.

Yet now, Mr. President, again having learned nothing from the past, America is being used to build up a new world struggle between two great imperialistic nations, a struggle for world trade, world markets, world resources, world power, and world domination, in which again we shall be called to pour out what is left of our once vast storehouses of treasure, raw materials and of blood.

Surely we owe it to our people to tell them the truth about this prospect. For myself, what I am saying has been proven time and again both by the facts of history and also out of the mouths of our most passionate proponents of international supercollaboration. Even Russia's distinguished former foreign commissar, Maxim Litvinov, in 1938 warned the nineteenth assembly of the League of Nations what the continued appeasement of Hitler meant. Little did he realize how what he said would apply to America's relations to Russia today. He said:

"There are inside and outside the League two tendencies, two conceptions of how best to preserve peace. There exists an opinion that when some state announces a foreign policy based on aggression, on the violation of other people's frontiers, on the violent annexation of other people's possessions, on the enslavement of other nations, on domination over entire continents, the League of Nations has not only the right but also the duty of declaring loudly and clearly that it has been set up to preserve universal peace; that it will not permit the realization of such a program, and that it will fight that program by every means at its disposal.

"There is, however, another conception—that the aggressor be treated with consideration, and his vanity be not wounded. It recommends that conversations and negotiations be carried on with him, that he be assured that no collective action will be undertaken against him, and no groups or blocs formed against him—even though he himself enters into aggressive blocs with other aggressors — that compromise agreements be concluded with him, and breaches of those very agreements be overlooked; that his demands, even the most illegal, be fulfilled; that journeys be undertaken, if necessary, to receive his dictates and ultimatums; that the vital interests of one State or another be sacrificed to him; and that if possible no question of his activity be raised at the League of Nations—because the aggressor does not like that, takes offense, sulks. Unfortunately, this is just the policy that so far has been pursued toward the aggressors; and it has had as its consequence three wars, and threatens to bring down on us a fourth."

Mr. President, the people of the United States and their elected representatives in this Senate body have been maneuvered into a position where they are not going to be able to do anything more than to acquiesce in an ultimatum. They are not going to be given the chance to endorse a nobler instrument of collective action and purpose. They have been told they must accept this instrument or nothing. Those who have been responsible for this situation know perfectly well that the people of the United States are against war now as much as they were before Pearl Harbor. So are the other peoples of the earth against war. Yet today the people of the United States are among the last free people who are able to speak their mind against war through their representatives in government.

I gravely fear that this charter will even take away from the people of America the right to be heard on the crucial issues of war and peace in the future, even though it is claimed by the proponents of this charter that by some strange miracle it will bring about at least a partial restoration of sanity, decency, and law in international relations. Indeed we have even been told that it is the greatest document ever conceived by the mind of man, that it insures world peace and prosperity, and that as the only hope of the world, we must ratify it or chaos will prevail. I am seriously worried as to whether, after the charter is ratified, the people of the United States will have anything to say about it.

Foreign Trade Council Has Reparations Plan

Outlines Steps to Secure Equitable American Participation In Enemy Reparations and Transmits Plan to State Department for Use by Moscow Reparations Commission

Proposals to assure equitable American participation in the division of enemy reparations, and to assure compensation for foreign losses of United States nationals on a basis no less favorable than that accorded nationals of any of the other United Nations, have been transmitted by the National Foreign Trade Council to the Department of State to be forwarded to the Reparation Commission now sitting in Moscow.

Drawn up by the Council's Foreign Propertyholders Protective Committee, of which Robert F. Loree, Vice-President, Guaranty Trust Company, is Chairman, the proposals were distributed on July 23 by a bulletin issued to Council members.

The Committee's statement of proposals includes the following sections:

". . . Enemy assets located in a United Nation shall be at the disposal of the United Nation in which they are located and shall not be included in the common pool."

"Property rights and interests of which the nationals of any United Nation are the beneficial owners, including the assets of corporations, the stock of which is owned by the nationals of any United Nation, wherever such property rights and interests may be situated, shall not be utilized for the purpose of reparation."

"Each United Nation shall be entitled to receive its pro rata share of reparations under as favorable terms as to method and time of payment as those accorded to any other United Nation."

"Reparations in kind shall be granted those countries that could profit from them and desire them, provided such a course will not lessen enemy responsibility or ability to make other compensation for losses."

"Property rights and interests of which nationals of any United Nation are the beneficial owners, including the assets of corporations the stock of which is owned by the nationals of any United Nation, shall be restored to their owners as promptly as possible. To that end the nationals of each of the United Nations shall have free and equal access to their properties located within the zone occupied by the other."

A Two-Phase Problem

The reparations problem, the bulletin pointed out, falls into two phases—

Firstly: "The substance of these statements is based upon our understanding that the Moscow Reparation Commission is to determine the total amount of reparations which Germany shall pay; that each of the United Nations will present its total demands, including claims for private losses, to the Reparations Commission, and that the total sum to be received from Germany will be apportioned equitably among the United Nations."

Secondly: "Thereafter, the distribution of each nation's share will rest with each Government."

To assist the Committee in determining the principles of settlement which will be advocated on behalf of the U. S. claimants, and to aid individual claimants in the preparation, filing and prosecution of war-loss claims, a study of experience on war claims following World War I is being pressed. Draft chapters of this study, according to the bulletin, are now being reviewed preparatory to printing and distribution.

Among the topics to be treated in the study are: World War I Claims Against Germany; Mixed Claims Commission — United States and Germany; Presentation of War Claims; Preparation of Evidence; Nationality of Individuals; Nationality of Corporations, and Claims for Estates, Cash, Bank Deposits, Securities and Debts.

France In Desperate Need of Essential Foods, Minister States

At a conference with Secretary of Agriculture Clinton P. Anderson, Christian Pineau, French Minister of Supplies, in this country to survey the possibilities of acquiring imports for France, disclosed that the most immediate needs of his country were for wheat, sugar, fats and meat, and that he hoped to be permitted to purchase these products from the Allied pool, special advices to the New York "Times" stated, July 13, from Washington sources, and continued:

The deficit in wheat, the French Minister stated, will run this year to 100,000 bushels a month in France and 200,000 a month in North Africa, because of the drains on French supplies during the German occupation. Fats, including butter and oils, he said, were largely looted by the Germans and the same is true of the French herds of cattle and sheep. Sugar, he said, is short because it was impossible to gather last year's sugar-beet crop because of the lack of fuel for refining and because of the shortage of manpower.

French rations now have been established, the Minister said, on the basis of 350 grams of bread a day, 500 grams of sugar a month, 100 grams of meat a week and 500 grams of fats a month. In the cities, which are suffering much more than the country districts, he said, supplements are offered in the way of macaronis and jam, especially to children and old people, so that the average rations now should provide each person with about 1,500 calories a day.

In addition to these are fruits and vegetables in season which are ration-free. Especially in the cities, however, the Minister said, the people are short of their rationed supplies because of difficulties in transport. Farm people, he said, are faring better, and are sending food parcels to their relatives in the towns.

He estimated that there were 16,000,000 persons in France still undernourished. Black market conditions in the cities, he said, are functioning in such a way as to insure that persons of wealth are much better fed than poorer people.

The Minister said he fully realized the difficulties that the United States itself was now facing in the way of food supplies. He declared that the import program he was presenting was based on minimum needs, and called for products that might be supplied by the Allies largely outside the United States.

Senator Byrd Notes Increase in Govt. Jobs—Urges Immediate Dropping of 300,000

Reporting on July 26 that the civilian payroll of the Government in this country had passed the three-million mark without reference to the more than a half-million War Department employes abroad, Senator Byrd, Chairman of the Joint Committee on Reduction of Non-Essential Federal Expenditures, stated that it was his firm conviction "that at least 300,000 Federal employes could be immediately eliminated without interference with the prosecution of the war." According to special Washington advices July 26 to the New York "Times" from which the foregoing is taken, Senator Byrd stated that the number of Federal civilian employees increased by 126,130 in June, and of that total 110,049 were hired by the War Department outside the United States. The number of Army employes within the United States was reduced by 3,378 in the same month, he added, said the "Times" advices, which also had the following to say:

After the war ended, he said, "we should return to a total Federal employment of certainly less than a million employes," adding that even this figure was in excess of the Federal employment of normal times.

The increase during June, Senator Byrd stated, meant that 100 civilian employes were added to the public payroll every hour of the working day here, and that 600 civilian employes were hired every hour for Government duties abroad. The Federal payroll would soon reach a total of eight billion dollars, he added.

In line with Senator Byrd's recommendation, Congress has enacted provisions, effective July 1, which authorized the Bureau of the Budget to establish personnel ceilings and submit a quarterly analysis of Federal employment showing the number of civilian employe reductions which have been made.

Government departments and agencies which showed increases in June included: Treasury, 5,282; Navy, 4,589; Veterans Administration, 3,032; Commerce, 2,004; Interior, 953; Justice, 535; Office of Price Administration, 663; Federal Security Agency, 802; Reconstruction Finance Corporation, 597, and General Accounting Office, 525.

Those showing decreases included: Office of Censorship, 1,887; State Department, 696.

NWLB Rejects State Amendment Against Closed Shop

The National War Labor Board, in rejecting a petition by the Attorney General of Florida, J. Tom Watson, that it intervene because of a state constitutional amendment adopted last November, declaring the right of persons to work shall not be denied or abridged on account of membership or non-membership in a union, upheld a maintenance - of - union-membership directive from the Regional WLB at Atlanta in a case involving three American Federation of Labor unions at the Port St. Joe, Fla., paper mill. In reporting the NWLB decision, the Washington Associated Press, on July 20, stated that a United States District Court had recently held the state amendment valid. The advices went on to say:

The paper mill did not appeal from the regional board maintenance-of-membership directive, but the state itself took up the issue.

In Tallahassee, Attorney General Watson said he did not believe that the WLB had held the War Labor Disputes Act superior to Florida's anti-closed shop amendment.

"Although I have not seen the order yet," he said, "I know that no question of such superiority was submitted to it in the case referred to, and I conclude that it could not have gone beyond the issues presented in any holding or order which it might have made. In upholding a maintenance-of-union-membership directive it does not necessarily override the right-to-work constitutional provision."

The National Board, in its decision today, held that the War Labor Disputes Act is supreme when in conflict with either state law or state constitution.

In reaching its decision, the Board said it was guided by Article 6, Section 2, of the United States Constitution, which states:

"This Constitution, and the laws of the United States which shall be made in pursuance thereof . . . or which shall be made under the authority of the United States shall be the supreme law of the land, and the judges in every state shall be bound thereby, anything in the Constitution or laws of any state to the contrary notwithstanding."

Under the standard maintenance-of-membership clause workers are allowed 15 days to decide whether to withdraw from a union. Those remaining members must keep up their union dues for the duration of the contract or lose their jobs.

The first agreement between the Florida company and the unions in 1939 contained a union security clause. The concern makes sulphate kraft linerboard, corrugated board and kraft pulp. The WLB said three other comparable paper mills in Florida have full union-shop agreements reached through negotiations.

The three unions involved in today's decision are the International Brotherhood of Paper Makers, International Brotherhood of Electrical Workers and International Association of Machinists. Together they represent about 450 workers.

Vote to Liberalize GI Bill of Rights

With fewer than 100 members on the floor, the House on July 18, just before voting itself an 11-week recess, passed unanimously by voice vote a series of amendments to the GI Bill of Rights, the major provisions of which are designed to liberalize the loan and education sections of the veterans' benefits law passed last year, according to Washington advices from the Associated Press, which also stated:

"Not scheduled for consideration until after the summer recess ending in October, the legislation was called up unexpectedly by Chairman Rankin (D., Miss.) of the Veterans' Committee.

"Most House members already had left Washington, and Mr. Rankin threatened to block adjournment plans by insisting on the presence of a quorum unless his legislation was considered immediately.

"The new measure, which requires Senate approval, makes only minor changes in the hospitalization, employment, unemployment compensation, and administrative titles of the original G. I. Bill of Rights.

"In the education and loan titles it makes these major revisions:

"*Education:* Extends from two to four years after discharge the time in which a study course may be started; extends from seven to nine years after the war's end the time in which education or training may be given at Government cost; provides for short intensive postgraduate or vocational courses of less than 30 weeks; permits the Government to finance correspondence courses; increases from $50 to $60 the monthly educational subsistence allowance of a veteran without dependents, and from $75 to $85 the allowance for a veteran with dependents.

"*Loans:* Extends from two to six years after discharge or the end of the war the time in which a veteran may apply for a Government-financed loan; permits a qualified veteran to negotiate with any established lending agency or any agency or individual approved by the Veterans' Administrator for a loan for the purchase of a home, farm or business in any amount; retains the existing limitation of 50% of the principal, or $2,000, whichever is less, on the amount of the loan the Government will guarantee; prohibits the negotiation of loans until 30 days after a veteran's discharge; provides that the loan application need be approved only by the lender, instead of by the Veterans' Administration; and provides that the reasonable value of property involved in a loan shall be determined by the lender's appraisal.

"The overall purpose of the revisions, Representative Rankin said, is to overcome complaints that have grown out of administration of the original law and to facilitate the return to civilian life of discharged veterans. Its enactment now, he said, was urgent because of large numbers of service men being discharged."

N. Y. Banks Sold Third Of Govt. Bonds Issued

The banks of New York State sold more than one-third of all the Government bonds issued by the United States Treasury since Pearl Harbor as their part in helping to finance the war, according to the New York State Bankers Association, which on July 28 announced that a survey among 800 member banking institutions shows that New York banks sold approximately $59½ billions of the total of $176 billions of War Bonds and other Government securities sold during that three and one-half year period. The Association states:

"This vast amount, which is more than two and a half times the total dollar value of the Liberty and Victory Bonds sold to finance World War I, made available to the Government sufficient funds to finance 266 days of the war at what during this time was the average daily rate of expenditure—$233,000,000 each 24 hours."

The Association reports that of the $59½ billions sold by the state's banks, $42,500,000 in bonds were issued during the seven war loan drives. It adds that in the Seventh War Loan, which closed July 7, the New York State banks sold $7,980,000,000 of War Bonds, Treasury Notes, Certificates and other Government securities, representing 2,000,000 individual sales transactions.

It is pointed out that the part New Yorkers played in financing the war was an incidental disclosure of the second war effort survey conducted by the New York State Bankers Association to ascertain the impact of the war upon the state's financial institutions and enable them to plan an orderly readjustment to peace time demands.

Remittances Sent to Blocked Nationals

Remittances up to $1,000 a month for living expenses are now being accepted by the American Express Company for transmitting to blocked nationals in foreign countries, under Treasury Department general license No. 32, Ralph T. Reed, company President, announced on July 26. The announcement said:

"The maximum remittances authorized have been increased from $500 to $1,000 for such countries as France, Greece, Norway, Denmark, Italy, and many others, as well as such islands as Sicily, Sardinia and the Dodecanese group in the Aegean Sea. Exceptions are payees who are nanationals of Germany, Italy, Japan, Bulgaria, Hungary or Rumania and who reside within Portugal, Spain, Sweden, Switzerland or Tangier, who may only receive up to $100 per month plus $25 for each member of the household, the maximum being $200.

"In addition, under provisions of general license No. 33, citizens of the U. S. in these blocked countries may receive up to $1,000 a month for living and traveling expenses, as well as an additional sum not exceeding $1,000 if to be used for enabling the payee or a member of his household to return to the U. S."

Ahead Of The News From Washington

(Continued from first page)

ownership of their transport system?"

You agree to this, and you say, how about the coal industry. They say, oh yes, that has always been a bad industry and really needing government attention, but when you come right down to it, the Churchill "Tory" government had already "nationalized" the coal industry. It develops that the operation of the mines is still in the hands of private industry and that the Laborites intend to take this over.

Then you ask how about the nationalization of the iron and steel industries, and these defenders of the British private enterprise system say, oh, that was to be expected, the industries have been operated so inefficiently in the past that they should be nationalized so that Britain can compete in world markets.

Appalled with explanations, you ask these apologists how about the nationalization of the Bank of England. Oh, they say, that is something on the order of your Federal Reserve System. Well, then, how about that business of nationalizing the lands.

Oh, they say, that will never come about. Do you think Britain is going Communist? Do you think the English people will ever go Communist?

Those are questions which your correspondent can't answer. What we are attempting to report is that while a lot of agitating stuff is coming out of Britain, particularly from such as Harold Laski, the British contingent here, is quite mindful of what it may do to our investors, and apparently Laborites and Conservatives alike, think they need these investors. It is a fine commentary on the socialistic system.

It is apparent to this writer that the Britishers in Washington, regardless of hue, would rather our own propagandists drop this business of how their elections are likely to have ramifications over here.

Aside from what they say, we think our domestic propagandists have been immeasurably picked up, but when all of their shouting is over, they are still up against some plain facts. These are:

We doubt seriously whether Truman will be influenced.

If he is influenced, what can he do about it?

The tremendous change that has come over our government is that the man in the White House is not a "leader." The Congress is in the saddle today. It is predominantly conservative. Truman may send messages up to it by way of keeping his record clear. Before the great Roosevelt that that is what a President was supposed to do. It was understood that this was so, and nobody complained.

We can't see a situation of Truman trying to drive Congress, and of his getting anywhere if he did.

It may be that the British overturn will come to influence our own politics. It is clear that the Leftists are seeking to make it do that. But our Leftists need a leader, an inspiration. The only man they have in sight, Henry Wallace, seems to be bottled up in the cabinet.

The State of Trade

(Continued from page 546)

sponding week of 1944. Compared with a similar period of 1943, a decrease of 1,515 cars, or 0.2%, is shown.

Electric Production—The Edison Electric Institute reports that the output of electricity increased to approximately 4,384,547,000 kwh. in the week ended July 21, 1945, from 4,295,254,000 kwh. in the preceding week. Output for the week ended July 21, 1945, was 0.1% above that for the corresponding weekly period one year ago.

Consolidated Edison Co. of New York reports system output of 167,100,000 kwh. in the week ended July 22, 1945, comparing with 159,200,000 kwh. for the corresponding week of 1944, or an increase of 4.9%.

Local distribution of electricity amounted to 166,200,000 kwh., compared with 153,700,000 kwh. for the corresponding week of last year, an increase of 8.1%.

Business Failures Rise—In the week ending July 26, commercial and industrial failures increased to almost twice the number a week ago, reports Dun & Bradstreet, Inc. Concerns failing numbered 22 as compared with 12 in the previous week and 19 in the corresponding week of 1944. This was the fifth week in 1945, and the second week in July that failures have exceeded those in the comparable weeks of last year.

There were three times as many large failures involving liabilities over $5,000 as there were small failures. Furthermore, these large failures doubled their number in the prior week, 17 as compared with 8, and were considerably heavier than in the same week a year ago when 10 large failures occurred. Among small failures, on the other hand, only one more concern failed than in the preceding week and in this size group failures were only half the number a year ago.

All industry and trade groups except retailing showed an increase from last week. The gain was sharpest in manufacturing where failures rose from one a week ago to seven in the week just ended — some three times heavier than in 1944's comparable week.

Three Canadian failures occurred against one a week ago and two in the corresponding week of 1944.

Paper Production—The ratio of United States paper production to mill capacity for the week ending July 21, 1945, as reported by the American Paper & Pulp Association, was 87.2%, compared with 88.5% (revised) for preceding week and 91.2% for corresponding week a year ago. Paper board production was at 96% for the same week, compared with 90% for preceding week and 94% for corresponding week a year ago.

Wholesale Food Price Index Advances—The wholesale food price index rose one cent further in the past week, registering $4.11 on July 24. This compared with $4.03 for the corresponding dates one and two years previous. The rise reflected advances in eggs, potatoes and rye. Quotations for wheat, steers and lambs were down slightly.

The index, compiled by Dun & Bradstreet, Inc., represents the sum total of the price per pound of 31 foods in general use.

Wholesale Commodity Index Lowest in Five Months—The daily wholesale commodity price index, compiled by Dun & Bradstreet, Inc., turned downward this week, reaching the lowest level since mid-February on July 24—175.97. This compared with 177.11 on July 17, and with 171.79 last year at this date.

Trends in leading grains were mixed as prices moved irregularly over a moderate range during the week.

There was little change noted in the tight situation in lard and fats although supplies of the former showed a slight increase during the first half of July.

Cotton markets fluctuated nervously as prices alternately rose and fell, closing around 30 points off from a week earlier. Weakness was attributed largely to the favorable progress of the war in the Pacific, which resulted in recurrent rumors of a possible early peace.

The Boston raw wool market continued very slow with sales of domestic greasy and scoured wool light and only occasional transactions reported for piecing out purposes. There appeared to be considerable uncertainty in the trade as a result of recent cancellations and deferment of delivery dates on Government orders. Spot foreign wools with few exceptions were in slower demand and prices trended somewhat easier as offerings increased.

Retail and Wholesale Trade—Retail sales were substantially maintained for last week despite discouring rain in some areas of the country and heat in others. Department store sales were reported considerably over last year but food volume was about even, thus making the total retail gain only moderately above the previous year, according to Dun & Bradstreet, Inc. Summer apparel continued leading as mid-season was reached. Retailers' stocks of men's furnishings, such as shirts and underwear, continued to decline; demand became more intensive. Children's wear has gained steadily over the past three months and more new stores and departments have been opened devoted exclusively to this line. Fall merchandise moved well wherever it was displayed. Fall hats in the upper price bracket sold best with black as the leading color.

Luxury items—jewely and cosmetics—sold in greater volume than in the previous week; fur suits were promoted in specialty shops and fur departments. Piece goods departments reported increased sales over last year with cotton in greatest demand. Wool coatings and tweeds sold as rapidly as supplied.

The usual seasonal demand for canning equipment was curtailed by more stringent sugar rationing. Hardware retailers received a better flow of small tools and lawn fencing, which helped lift sales above last year. Although the Army and Navy are discouraging travel, Summer resorts reported the largest number of guests since pre-war years.

The volume of sales in butcher shops was lower than a year ago, although better than the previous week, while the sales volume of restaurants was higher. The supply of poultry in retail markets increased over last week. Meat was generally adequate to meet available points; greatest improvement was in beef and veal. The fresh produce picture was favorable as supply met demand and prices fell. Aided by the reduction of point requirements butter sales increased over last week.

Retail sales for the U. S. were estimated at 10 to 15% above 1944. Regional percentage increases were: New England and Middle West, 6 to 11; East, 12 to 17; Northwest, 8 to 13; South, 10 to 14; Southwest, 10 to 15, and Pacific Coast, 11 to 15.

This week wholesale volume approximated that of last week, a level slightly above a year ago. Both apparel activity, as indicated by the number of buyers arriving in the markets, and the volume of wholesale food transactions were somewhat below last week's level, although marginally above a year ago.

Department store sales on a country-wide basis, as taken from the Federal Reserve Board's index for the week ended July 21, 1945, increased by 14% and compared with a gain of 15% in the preceding week. For the four weeks ended July 21, 1945, sales increased by 19%, and for the year to date by 13%.

Here in New York retail trade last week advanced sharply in response to seasonal clearance sales and the accumulation of newspaper advertising held back during the strike.

Quiet ruled in the wholesale markets with food volume continuing to suffer from merchandise shortages. Foodstuff sales at retail showed some slight increase with meat supplies somewhat larger and the reopening of fresh fruit and vegetable distribution.

According to the Federal Reserve Bank's index, department store sales in New York City for the weekly period to July 21, 1945, increased by 11% above the same period of last year. This compared with a gain of 12% in the preceding week. For the four weeks ended July 21, 1945, sales rose by 16%, and for the year to date by 13%.

Simplified Priorities System Announced

Details of a revised and simplified priorities system leading to ultimate discontinuance of priorities assistance for "virtually everything except military requirements" as soon as war-supporting and essential civilian production no longer needs general help, were announced on June 30 by J. A. Krug, Chairman of the War Production Board. Mr. Krug announced a six months' transition period from July 1 to December 31, 1945 to "give business an opportunity to adjust its operations to the new system," which will go into effect after January 1, 1946.

Mr. Krug said transition to the revised and simplified priorities system was necessary because "the military services have substantially reduced their supply programs as a result of victory in Europe." The WPB advices also said:

"The new priorities system will be introduced gradually during the period from July 1 through December 31, 1945, which will be known as the 'transition period.' This period is designed to cushion the impact of the transition from a system under which nearly all production has been regulated to a new system under which military requirements will have top priority but civilian business will generally operate both without production restrictions and without affirmative priorities assistance.

"Meanwhile the procedures outlined in the new 'Priorities Regulation No. 29' will be instituted gradually during the latter half of 1945. There will also be changes in other WPB regulations and orders, and the Board cautioned that if there should be any inconsistency between PR 29 and any other WPB regulation or order, PR 29 controls 'unless the other expressly states the contrary.'

"Under the new priorities rating system the present AA rating method and the Controlled Materials Plan will be discontinued at the end of 1945 and replaced by a system in which the AAA rating will still be assigned in emergencies as under existing procedures but a new MM rating will be assigned by military agencies. WPB itself will assign the MM rating only in cases where it is clearly necessary for the war effort or for requirements of similar urgency.

"During the transition period from July 1 to December 31, the MM rating will be equivalent to AA-1. The AA ratings also will be retained for certain materials, such as textiles, if it is not practicable to adapt existing controls to the new system.

"Beginning October 1, 1945, no more AA ratings will be assigned by WPB or other agencies except for deliveries to be made before January 1, 1946. Prior to October 1, 1945, WPB will cancel outstanding AA ratings calling for delivery after the end of 1945, whenever this can be done without interfering with war production or war-supporting activities. Further details on this phase of the transition will be announced later.

"Beginning as soon as possible after July 1, 1945, the military services will assign the MM rating to orders and contracts placed during the transition period for deliveries during or after the transition period. They also may change existing orders with AA ratings to MM ratings if necessary to assure delivery on schedule.

"WPB will, if necessary, provide additional procedures to give priorities assistance for war-supporting or highly essential civilian purposes. This may be in the form of a new rating junior to the MM rating or in the form of some other procedure. This will not be announced until more information is available as to the supply of materials for non-military use.

"At the end of the transition period, December 31, 1945, the Controlled Materials Plan and all its regulations will expire automatically, except that part of it which restricts inventories. However, the delivery of controlled materials during the third and fourth quarters of 1945 will continue to be regulated by the plan alone and not by ratings."

U. S. Savings & Loan League Shows Gains as Compared With Last Yr.

Wartime conditions among the savings and loan associations and co-operative banks, chiefly manifested in the inflow of money, reached their peak in the first five months of 1945, it was reported on July 21 by the United States Savings and Loan League. A survey of current operations and financial position of these institutions recently completed by their 53-year-old trade organization showed that the net receipts of savings and investments up through the end of May were 36% greater than last year, and that the repayments on home loans, monthly contractual payments and voluntary payments in advance, were 23.2% ahead of last year's performance. The League also says:

"Partially stemming the flood of new funds was an increase of 21.4% in the amount of money loaned this year during the first five months compared with the like period of 1944, W. M. Brock, Dayton, Ohio, pointed out.

"The reports are from savings and loan institutions with a third of all the assets in the system and represent 45 different states. A net increase of 1.5% in their total home loans outstanding was cited as a triumph over increasing odds, since the dribbling off of home building has narrowed the field for new mortgage lending. This year's net gain in the savings and loan institutions' loan portfolio was about 13.5% larger than their gain in the first five months of 1944, Mr. Brock indicated.

"These reporting associations, about 400 in number, had closed or in process by the end of May 3,600 loans to veterans for home ownership, with about $16,500,000 advanced to this specialized group of borrowers under the G.I. Bill of Rights."

Sav.-Loan Ass'ns Show Increase in Mortgages

Mortgage lending activities of the 243 savings and loan associations in New York State showed a record-breaking increase for the first six months of 1945 according to estimated figures released by Zebulon V. Woodard, Executive Vice-President of the New York State League of Savings and Loan Associations. Mortgage loans granted by the associations from January 1st to June 30, 1945, he reports, totaled $52,903,207, an increase of 44%, or $16,151,880, over the corresponding period in 1944. Of this total, $45,867,884, or 87%, was used for the purchase of homes and $4,230,109, or 8%, for the conversion of non-reducing mortgages to the monthly amortized plan offered by savings and loan associations. Construction, repair and other loans totaled $2,805,214, or 5%. Mr. Woodard's announcement also says:

"Savings by the general public in the 243 savings and loan associations of New York State also showed a record-breaking increase for the first half of 1945. Savings in these institutions increased 9.2%, or $48,066,559, since January 1, 1945 as compared to $32,927,517, or 7.4%, for the first six months of 1944."

Based upon these figures, Mr. Woodard estimated that the total resources of the associations on June 30th had reached the amount of $652,233,551. Mr. Woodard also announced that the associations exceeded all past performances in sales and purchases of United States Government securities during the Seventh Loan Drive. Sales of E, F and G Bonds and other securities to the general public as reported by 143 of the 243 associations in the state totaled $13,311,300 compared to the savings and loan quota of $12,500,000, while purchases by the associations for their own portfolios aggregated $41,689,300, or nearly twice the quota of $22,500,000.

Luxemburg Forms 1st Army

The founding by the Duchy of Luxemburg of an army, the first in its history, with an American West Pointer as its chief of staff was made known in Associated Press advices from Luxemburg July 24. The head of the new army is Lieut. Col. Arnold Sommer, of Albion, N. Y., commander of the 114th Anti-Aircraft Battalion, said the press advices, as given in the New York "Herald Tribune," which also had the following to say:

The idea grew out of Allied plans for utilizing available man power in the liberated countries, and received prompt approval from Grand Duchess Charlotte and Prince Felix.

Col. Sommer said Brigadier General C. O. Thrasher, commander of the Oise base section, told him to "come up here and do the job."

"That was June 1," Col. Sommer said. "When we got here there was no staff, no army, no laws making an army legal.

"We blueprinted enough laws to take care of compulsory training, disciplinary actions and financial requirements. The government passed them and the Grand Duchess signed them July 4. We have inducted 1,825 men and formed two battalions of light infantry."

With the exception of two American captains, all the officers are Luxemburgers. Captain Robert L. Richters, of Massachusetts, commands one battalion, and Captain Winston A. Schmidt, of Lyons, Kan., the other.

Col. Sommer said the army was equipped by the British and fed by the Americans.

It is noted in the press account that Luxemburg formerly maintained a military force of 500 gendarmes, or police.

Electric Output for Week Ended Juy 28, 1945 Exceeds That for Same Week Last Year by 1%

The Edison Electric Institute, in its current weekly report, estimated that the production of electricity by the electric light and power industry of the United States for the week ended July 28, 1945, was approximately 4,434,841,000 kwh., which compares with 4,390,762,000 kwh. in the corresponding week a year ago and 4,384,547,000 kwh. in the week ended July 21, 1945. The output of the week ended July 28, 1945, was 1.0% in excess of that for the same week last year.

PERCENTAGE INCREASE OVER PREVIOUS YEAR

	Week Ended			
Major Geographical Divisions—	July 28	July 21	July 14	July 7
New England	*1.5	*1.0	*2.6	*0.5
Middle Atlantic	2.8	3.0	*1.4	2.9
Central Industrial	*0.4	*1.3	*2.8	*1.2
West Central	5.8	2.9	2.6	5.2
Southern States	6.5	4.1	2.4	6.8
Rocky Mountain	*1.8	*1.6	*1.9	0.5
Pacific Coast	*4.1	*5.0	*6.8	*5.1
Total United States	1.0	0.1	*1.9	1.0

*Decrease under similar week in previous year.

DATA FOR RECENT WEEKS (Thousands of Kilowatt-Hours)

Week Ended—	1945	1944	% Change over 1944	1943	1932	1929
April 7	4,321,794	4,361,094	— 0.9	3,882,467	1,480,738	1,696,543
April 14	4,332,400	4,307,498	+ 0.6	3,916,794	1,469,810	1,709,331
April 21	4,411,325	4,344,188	+ 1.5	3,925,175	1,454,505	1,699,822
April 28	4,415,889	4,336,247	+ 1.8	3,866,721	1,429,032	1,688,434
May 5	4,397,330	4,233,756	+ 3.9	3,903,723	1,436,928	1,698,942
May 12	4,302,381	4,238,375	+ 1.5	3,969,161	1,435,731	1,704,426
May 19	4,377,221	4,245,678	+ 3.1	3,992,250	1,425,151	1,705,460
May 26	4,329,605	4,291,750	+ 0.9	3,990,040	1,381,452	1,615,085
June 2	4,203,502	4,144,490	+ 1.4	3,925,893	1,435,471	1,689,925
June 9	4,327,028	4,264,600	+ 1.5	4,040,376	1,441,532	1,699,227
June 16	4,348,413	4,287,251	+ 1.4	4,098,401	1,440,541	1,702,501
June 23	4,358,277	4,325,417	+ 0.8	4,120,038	1,456,961	1,723,428
June 30	4,353,351	4,327,359	+ 0.6	4,110,793	1,341,730	1,592,075
July 7	3,978,426	3,940,854	+ 1.0	3,919,398	1,415,704	1,711,625
July 14	4,295,254	4,377,152	— 1.9	4,184,143	1,433,903	1,727,225
July 21	4,384,547	4,380,930	+ 0.1	4,196,357	1,440,386	1,732,031
July 28	4,434,841	4,390,762	+ 1.0	4,226,705	1,426,986	1,724,728

Study of Wage Guarantee Starts

The feasibility of a guaranteed wage to the millions of American workers who are obliged to meet the problems of periodic layoffs in a peacetime year is to be the subject of a study promoted by the War Mobilization and Reconversion Committee, according to the Associated Press from Washington, July 25, which also stated that Murray Latimer, Chairman of the Railroad Retirement Board and former Harvard professor, and Arthur S. Meyer, New York State mediator, will conduct the study.

Announcement of the project and appointments was made by Eric Johnston, head of the United States Chamber of Commerce and chairman of a subcommittee which will oversee the inquiry. From the Associated Press we quote:

Mr. Meyer will consult with management, labor and other persons throughout the nation who have had some experience with a guaranteed wage or who could contribute to a solution of the issue. Latimer will conduct the research.

Mr. Johnston, who said he had a three-month guaranteed wage plan for employees of his own Washington Brick & Lime Co. in Spokane, Seattle and Portland, pointed out that the issue of a guaranteed wage for any length of time—not just annually—would be embraced.

The study, which will take from six to 18 months to complete, is the result of the "Big Steel" decision of the War Labor Board last Nov. 25.

The Board had referred the CIO Steelworkers' demand for a guaranteed annual wage to the late President Roosevelt with the suggestion that a study be conducted for basic steel and other industries.

The steel workers had sought a guarantee of 40 hours a week for 50 weeks after a three-month probationary period, with annual two weeks' paid vacations after five years of service.

The President then delegated the task to James F. Byrnes, then War Mobilization and Reconversion Director, who in turn appointed a subcommittee of his advisory committee to do the job. Johnston, with Philip Murray, head of the CIO and the Steel Workers Union; Anna Rosenberg, New York Labor advisor, and Albert Goss, of the National Grange, made up this committee.

The actual study will be carried on by a staff to be assembled by Latimer and Meyer.

Mr. Johnston emphasized that "few are talking seriously of a compulsory guaranteed wage" but that the entire study was based on the premise that everything about it was voluntary.

Ted Silvey, chairman of the CIO's Reconversion Committee, told the newsmen that the CIO was not anxious to have a guaranteed income legislated by Congress, but instead preferred to make it a matter of collective bargaining.

Mr. Johnston said the study would have to determine what the effect would be on small businesses and new ventures if every employer were to be committed months in advance on his payroll. The effect on seasonal businesses, such as canneries, summer resorts, and fashion houses, were other questions to be considered, he said.

He conceded that "probably there will be no one formula found to be satisfactory to all."

Mr. Johnston said he was confident that "if feasible methods are proposed that industry will be anxious where it can to keep operations on a steady basis."

"Industry can make more money by steady operation," he added.

The expanding economy on which a guaranteed wage would depend can be anticipated in wider domestic and foreign markets after the war, Mr. Johnston said.

Govt. Bonds Sold by N. Y. State Banks

The sale to the public by New York State banks of more than 29,000,000 individual Government bonds representing a total purchase price of $59½ billions was cited by the New York State Bankers Association on July 29 as indicative of the success of banking's effort to defeat inflation by encouraging all Americans to help finance the war. The sales made between Pearl Harbor and the conclusion of the Seventh War Loan Drive, represent about two bonds to every man, woman and child in the State. More than 26,500,000 of the bonds, the survey showed, were the so-called "savings bonds" series E, F, and G.

Additional millions of bonds, the Association pointed out, have been purchased directly and through payroll savings plans from theatres and companies licensed as bond selling agents.

It is also stated that since Pearl Harbor the State's 700 commercial banks have devoted more than 570,000 man-hours a month to selling and handling U. S. securities. The average-size bank, with 65 employees, is setting aside 900 hours a month for selling and redeeming bonds, reporting sales to the Treasury, maintaining war loan deposit accounts, and performing other services incident to war financing.

On July 31 the Association pointed out that eight major war services in addition to War Bond sales and on top of a 40% increase in normal banking business have kept New York State's 700 commercial banks on their mettle during the last three and one-half years.

In addition to selling $59½ billions of War Bonds to New Yorkers a survey made by the Association's bank management committee showed the banks performed the following services from Pearl Harbor to V-E Day:

"1. Cashed or handled for deposit a monthly average of 4,606,784 United States Government checks. This is approximately equivalent to handling each month a Government check for each family in New York State.

"2. Conducted 'ration banking' handling 2,966,794 items monthly for 153,020 separate accounts and thereby made possible orderly handling of ration stamps, coupons, tokens, and checks of retailers.

"3. Granted 460,305 war production loans — industrial, agricultural, and housing—for a total of nearly $7,000,000,000.

"4. Made payroll deductions for purchase of United States War Savings Bonds.

"5. Helped the Treasury's income tax withholding plan, issuing weekly receipts to employers for money withheld from employees' pay envelopes.

"6. Assisted in the enforcement of regulation W, the anti-inflation device to curb consumer borrowing, handling forms required of every applicant for consumer credit of $1,500 or less.

"7. Enabled war industry to meet payrolls vastly increased by war work, with cash or checks.

"8. Assisted the Treasury in Foreign Funds Control, first to protect the assets of friendly aliens from seizure by Axis and later as a weapon of economic warfare, by 'blocking' thousands of accounts involving millions of dollars."

According to the Association the facts about banking's wartime services were developed from a survey designed to ascertain the impact of the war upon the State's financial institutions and enable them to plan an orderly readjustment to peacetime economy.

Avery Succeeds Peck As Land Bank Head

Lt. Col. M. D. Avery, St. Paul, will succeed Frank W. Peck as President of the Federal Land Bank of St. Paul on Sept. 30, it was stated in the Minneapolis "Journal" of July 21, which also said: "Mr. Peck resigned to become managing director of the Farm Foundation, Chicago. Avery has just returned from more than three years of military duty in Europe.

"Mr. Peck, who had headed the Land Bank for seven and one-half years, has been a trustee of the Farm Foundation for three years. He formerly was director of agriculture extension at the University of Minnesota."

Steel Operations 0.1% Higher – Producers Set Up So-Called Precautionary Schedules

"There was little in the steel market this week to encourage civilian manufacturers to expect early delivery on items which would start the reconversion wheels rolling at a reasonable speed but there were signs that should the war with Japan end sooner than now thought, steel mills would be in a good position to take full advantage of such an event," states "The Iron Age" in its issue of today (Aug. 2), which further reports in part:

"For the time being at least deliveries to civilian steel users are in no better position than they were a month ago. Rated steel orders are still heavy and backlogs on such business are large.

"However, in the past week many of the reluctant civilian steel consumers have become tired standing on the order sideline and have stepped up the volume of their orders even though they have no idea when deliveries will be made. Among such consumers are the automobile group and home appliance makers. They and many other steel users are taking no chances now in case the war with Japan should come to a sudden end. Nor are they planning definitely that it will. They are just being cautious and remembering historically that those who place their orders first have the greatest chance to benefit.

"Just as steel users with nonrated business have awakened to the fact that heavy and severe war cancellations would greatly change the steel market picture so have steel producers themselves. The latter have set up so-called precautionary schedules that could be quickly put into operation should war events take a sudden turn for an ending. Even while this is going on there have been sudden spurts in demand for war steel which have displaced not only the chances for early delivery of non-rated business but have forced changes in schedules for orders carrying CMP ratings.

"The net result of these general market trends reflects a waiting game on the basis that if the war lasts longer than supposed, orders will be in, and if it ends sooner than expected with orders in, there is a better chance of steel mills getting over the 'confusion' period sooner and consumers getting their steel in a more orderly fashion.

"A sudden end of the Japanese war, however, would for a short time paralyze steel finishing mills because of the impact of cancellations. The possible shutdowns would last only so long as alternate steel mill schedules could be put into effect. That ingot output would be severely slashed is not envisioned because of the need for raw steel when schedules have become reorganized. Once finishing mills are started again it is expected that most mills will have enough business in their backlogs to keep them running for from four to six months at capacity.

"Specific steel market news this week indicated that the large Navy order for a floating dry dock has been placed. The bulk of the 65,000 tons of plates for August delivery went to western steel mills. The more than 40,000 tons of structural steel was distributed among many mills. The placement of this order has pushed back deliveries on rated steel business not as urgent.

"The automobile industry, which has found sheets tighter than ever even though having been promised their quota, is changing some carbon bar needs over to alloy bars because the former have such extended deliveries. It is also reported that auto companies find a bottleneck in their quest for tin for coating automobile engine bearings and many companies are working on substitutes.

"Railroad passenger car output has been revised upward 675 units to carry through the balance of the year. Early indications of the 1946 railroad rail needs show a demand far exceeding the steel industry's capacity to produce controlled cooled rails. Freight car requirements have been so heavy of late that actual completion of the orders placed and those to follow may not take place until a year after the war ends."

The American Iron and Steel Institute on July 30 announced that telegraphic reports which it had received indicated that the operating rate of steel companies having 94% of the steel capacity of the industry will be 90.8% of capacity for the week beginning July 30, compared with 90.7% one week ago, 88.1% one month ago and 96.5% one year ago. The operating rate for the week beginning July 30 is equivalent to 1,663,100 tons of steel ingots and castings, compared to 1,661,300 tons one week ago, 1,613,700 tons one month ago, and 1,735,800 tons one year ago.

"Steel" of Cleveland, in its summary of the iron and steel markets, on July 30 stated in part as follows: "Close control of steel is being maintained by War Production Board as the result of efforts by that agency, particularly in the scarce light flat products, sheets and strip. This is reflected in an increasing number of cancellations not ascribed to recent cutbacks in war orders.

"These cancellations still are far from sweeping but represent loosening in tonnage that can be brought under Washington direction for application to needed purposes. Contributing to these cancellations is the recent revision of Direction 70, Regulation 1. This permitted steel originally allocated on war contracts to be used for civilian purposes and as first drawn applied to all Class A civilian-type end products. Recently this has been modified to apply to a limited number of products, principally construction machinery. This action is said to have been taken not only to eliminate certain abuses inherent in the order as originally written but to make it possible to channel steel for both military and civilian consumption.

"Another recent ruling, Direction 76, Regulation 1, provides that consumers may not change allotment numbers on sheets and strip so as to substitute a rated order for one that has been cut back. These rulings and the order to reduce inventories from 60 to 45 days, with general rescreening of third and fourth quarter allocations, are beginning to open up some tonnage for purposes regarded by Washington as especially essential. On the other hand, there has been an easing in control of stainless steel sheets with recent open-ending of this product. Most producers, however, hold out little hope of shipment of unrated tonnage before November.

"Pig iron supply continues sufficient for needs, though there is no excess and no stocks are accumulated. Castings inquiries still exceed ability of foundries to accept and much needed tonnage can not be taken. Several blast furnaces down for repairs are nearing completion and are expected to resume production soon, which will relieve the shortage somewhat. An uncertainty in the future of pig iron is threat of shortage of coal, causing fear for supply of metallurgical coke for blast furnaces. Present indications are for a marked shortage and coke stocks are low, with little hope of building them up for winter.

"Scrap is increasingly scarce, some dealers regarding the present situation the worst since the beginning of the war."

Moody's Bond Prices And Bond Yield Averages

Moody's computed bond prices and bond yield averages are given in the following table.

MOODY'S BOND PRICES†
(Based on Average Yields)

1945— Daily Averages	U. S. Govt. Bonds	Avge. Corporate*	Corporate by Ratings* Aaa	Aa	A	Baa	Corporate by Groups* R. R.	P. U.	Indus.
July 31	122.27	115.82	120.84	119.41	115.82	108.16	112.93	115.82	119.20
30	122.34	115.82	120.84	119.41	115.82	108.16	113.12	115.82	119.20
28	Stock Exchange Closed								
27	122.39	115.82	120.84	119.20	115.82	108.16	112.93	115.63	119.00
26	122.39	115.82	120.84	119.20	115.82	108.16	113.12	115.63	119.00
25	122.50	116.02	121.04	119.20	116.02	108.16	112.93	115.82	119.20
24	122.62	116.02	121.04	119.20	116.02	108.34	113.12	115.82	119.20
23	122.64	116.02	121.04	119.20	116.02	108.34	112.93	115.82	119.20
21	Stock Exchange Closed								
20	122.80	116.02	121.04	119.41	116.02	108.34	112.93	115.63	119.41
19	122.84	116.02	121.04	119.41	116.02	108.34	112.93	115.63	119.41
18	122.86	116.02	121.04	119.41	116.02	108.34	112.93	115.82	119.61
17	122.90	116.22	121.04	119.61	116.22	108.34	113.12	115.82	119.61
16	122.94	116.22	121.04	119.61	116.22	108.34	113.12	115.63	119.61
14	Stock Exchange Closed								
13	122.89	116.22	121.04	119.61	116.22	108.34	113.31	115.63	119.61
12	122.87	116.02	121.04	119.41	116.22	108.34	113.12	115.63	119.61
11	122.87	116.02	121.04	119.41	116.22	108.34	113.12	115.63	119.61
10	122.89	116.02	121.04	119.41	116.22	108.34	113.12	115.63	119.61
9	122.92	116.02	121.04	119.41	116.02	108.34	113.12	115.63	119.41
7	Stock Exchange Closed								
6	122.92	116.02	121.04	119.41	116.02	108.16	112.93	115.63	119.61
5	122.92	116.02	121.04	119.20	116.02	108.16	112.93	115.43	119.41
4	Stock Exchange Closed								
3	122.93	115.82	121.04	119.20	116.02	108.16	113.12	115.43	119.41
2	122.97	115.82	121.04	119.20	116.02	108.16	113.12	115.43	119.41
June 29	122.93	116.02	121.04	119.20	116.02	108.16	112.93	115.43	119.41
22	122.97	115.82	120.84	119.20	115.82	107.80	112.75	115.43	119.20
15	122.97	115.82	120.84	119.20	115.82	107.80	112.75	115.43	119.41
8	122.81	115.63	120.84	119.00	115.63	107.62	112.37	115.24	119.41
1	122.23	115.43	120.63	119.00	115.43	107.44	112.37	114.85	119.20
May 25	122.29	115.43	120.63	118.80	115.43	107.44	112.19	114.85	119.20
18	122.31	115.43	120.63	118.80	115.43	107.27	112.19	114.66	119.41
11	122.26	115.24	120.84	118.40	115.43	107.09	112.19	114.46	119.41
4	122.38	115.24	120.84	118.40	115.24	107.09	112.00	114.27	119.41
Apr. 27	122.38	115.24	120.84	118.40	115.04	107.09	112.19	114.27	119.20
20	122.44	115.04	120.84	118.40	115.04	106.56	111.81	114.27	119.20
13	122.59	115.04	120.84	118.60	115.04	106.56	111.81	114.46	119.20
6	122.21	115.04	120.84	118.40	115.04	106.39	111.44	114.46	119.20
Mar. 31	122.01	114.85	121.04	118.40	114.85	106.04	111.25	114.27	119.20
Feb. 23	121.92	114.66	120.02	118.60	114.46	106.04	110.52	114.08	119.41
Jan. 26	120.88	113.89	119.41	118.00	113.70	105.17	109.24	113.89	118.60
High 1945	123.05	116.22	121.04	119.61	116.22	108.34	113.31	115.82	119.61
Low 1945	120.55	113.50	118.80	117.80	113.31	104.48	108.52	113.70	118.20
1 Year Ago July 31, 1944	120.10	112.56	118.60	116.80	112.19	103.30	106.56	114.08	117.20
2 Years Ago July 31, 1943	120.18	111.44	119.41	117.00	111.62	99.04	103.30	114.08	117.20

MOODY'S BOND YIELD AVERAGES
(Based on Individual Closing Prices)

1945— Daily Averages	U. S. Govt. Bonds	Avge. Corporate*	Corporate by Ratings* Aaa	Aa	A	Baa	Corporate by Groups* R. R.	P. U.	Indus.
July 31	1.64	2.86	2.61	2.68	2.86	3.27	3.01	2.86	2.69
30	1.64	2.86	2.61	2.68	2.86	3.27	3.00	2.86	2.69
28	Stock Exchange Closed								
27	1.64	2.86	2.61	2.69	2.86	3.27	3.01	2.87	2.70
26	1.64	2.86	2.61	2.69	2.86	3.27	3.00	2.87	2.70
25	1.63	2.85	2.60	2.69	2.85	3.27	3.01	2.86	2.69
24	1.62	2.85	2.60	2.69	2.85	3.26	3.00	2.86	2.69
23	1.62	2.85	2.60	2.69	2.85	3.26	3.01	2.86	2.69
21	Stock Exchange Closed								
20	1.60	2.85	2.60	2.68	2.85	3.26	3.01	2.87	2.68
19	1.60	2.85	2.60	2.68	2.85	3.26	3.01	2.87	2.68
18	1.60	2.85	2.60	2.68	2.85	3.26	3.01	2.87	2.68
17	1.60	2.84	2.60	2.67	2.84	3.26	3.00	2.86	2.67
16	1.59	2.84	2.60	2.67	2.84	3.26	3.00	2.87	2.67
14	Stock Exchange Closed								
13	1.60	2.84	2.60	2.67	2.84	3.26	2.99	2.87	2.67
12	1.60	2.85	2.60	2.68	2.84	3.26	3.00	2.87	2.67
11	1.60	2.85	2.60	2.68	2.84	3.26	3.00	2.87	2.67
10	1.60	2.85	2.60	2.68	2.84	3.26	3.00	2.87	2.67
9	1.60	2.85	2.60	2.68	2.85	3.26	3.00	2.87	2.68
7	Stock Exchange Closed								
6	1.60	2.85	2.60	2.68	2.85	3.27	3.01	2.87	2.67
5	1.60	2.85	2.60	2.69	2.85	3.27	3.01	2.88	2.68
4	Stock Exchange Closed								
3	1.60	2.85	2.60	2.69	2.85	3.27	3.00	2.88	2.68
2	1.59	2.85	2.60	2.69	2.85	3.27	3.00	2.88	2.68
June 29	1.60	2.85	2.60	2.69	2.85	3.27	3.01	2.88	2.68
22	1.59	2.86	2.61	2.69	2.86	3.29	3.02	2.88	2.69
15	1.59	2.86	2.61	2.69	2.86	3.29	3.02	2.88	2.68
8	1.60	2.87	2.61	2.70	2.87	3.30	3.04	2.89	2.68
1	1.64	2.88	2.62	2.70	2.88	3.31	3.04	2.91	2.69
May 25	1.64	2.88	2.62	2.71	2.88	3.31	3.05	2.91	2.69
18	1.64	2.88	2.62	2.71	2.88	3.32	3.05	2.92	2.68
11	1.64	2.89	2.61	2.73	2.88	3.33	3.05	2.93	2.68
4	1.63	2.89	2.61	2.73	2.89	3.33	3.06	2.94	2.68
Apr. 27	1.63	2.89	2.61	2.73	2.90	3.33	3.05	2.94	2.69
20	1.63	2.90	2.61	2.73	2.90	3.36	3.07	2.94	2.69
13	1.62	2.90	2.61	2.72	2.90	3.36	3.07	2.93	2.69
6	1.64	2.90	2.61	2.73	2.90	3.37	3.09	2.93	2.69
Mar. 31	1.66	2.91	2.60	2.73	2.91	3.39	3.10	2.94	2.69
Feb. 23	1.69	2.92	2.65	2.72	2.93	3.39	3.14	2.95	2.68
Jan. 26	1.77	2.96	2.68	2.75	2.97	3.44	3.21	2.96	2.72
High 1945	1.80	2.98	2.71	2.76	2.99	3.48	3.25	2.97	2.74
Low 1945	1.59	2.84	2.60	2.67	2.84	3.26	2.99	2.86	2.67
1 Year Ago July 31, 1944	1.79	3.03	2.72	2.81	3.05	3.55	3.36	2.95	2.79
2 Years Ago July 31, 1943	1.84	3.09	2.68	2.80	3.08	3.81	3.55	2.95	2.79

*These prices are computed from average yields on the basis of one "typical" bond (3¾% coupon, maturing in 25 years) and do not purport to show either the average level or the average movement of actual price quotations. They merely serve to illustrate in a more comprehensive way the relative levels and the relative movement of yield averages, the latter being the true picture of the bond market.

†The latest complete list of bonds used in computing these indexes was published in the issue of Jan. 14, 1943, page 202.

Weekly Coal and Coke Production Statistics

The total production of bituminous coal and lignite during the week ended July 21, 1945 is estimated by the United States Bureau of Mines at 11,580,000 net tons, a decrease of 430,000 tons, or 3.6%, from the preceding week. Output in the corresponding week of 1944 was 11,973,000 tons. The total production of soft coal from Jan. 1 to July 21, 1945 is estimated at 328,741,000 net tons, a decrease of 6.8% when compared with the 352,584,000 tons produced during the period from Jan. 1 to July 22, 1944.

Production of Pennsylvania anthracite for the week ended July 21, 1945, as estimated by the Bureau of Mines, was 1,176,000 tons, a decrease of 106,000 tons (8.3%) from the preceding week. When compared with the output in the corresponding week of 1944 there was a decrease of 17,000 tons, or 1.4%. The calendar year to date shows a decrease of 17.0% when compared with the corresponding period in 1944.

The Bureau also reports that the estimated production of beehive coke in the United States for the week ended July 21, 1945 showed a decrease of 19,500 tons when compared with the output for the week ended July 14, 1945; and was 39,800 tons less than for the corresponding week of 1944.

ESTIMATED UNITED STATES PRODUCTION OF BITUMINOUS COAL AND LIGNITE IN NET TONS

	Week Ended July 21, 1945	*July 14, 1945	July 22, 1944	Jan. 1 to Date †July 21, 1945	July 22, 1944
Bituminous coal & lignite—					
Total, including mine fuel	11,580,000	12,010,000	11,973,000	328,741,000	352,584,000
Daily average	1,930,000	2,002,000	1,996,000	1,919,000	2,038,000

*Revised. †Subject to current adjustment.

ESTIMATED PRODUCTION OF PENNSYLVANIA ANTHRACITE AND COKE
(In Net Tons)

	Week Ended ‡July 21, 1945	§July 14, 1945	July 22, 1944	Calendar Year to Date July 21, 1945	July 22, 1944	July 24, 1937
Penn. anthracite—						
*Total incl. coll. fuel	1,176,000	1,282,000	1,193,000	30,068,000	36,243,000	30,614,000
†Commercial produc.	1,129,000	1,231,000	1,145,000	28,867,000	34,793,000	29,083,000
Beehive coke—						
United States total	108,300	127,800	148,100	3,371,200	4,293,600	2,054,500

*Includes washery and dredge coal, and coal shipped by truck from authorized operations. †Excludes colliery fuel. ‡Subject to revision. §Revised.

ESTIMATED WEEKLY PRODUCTION OF BITUMINOUS COAL AND LIGNITE, BY STATES, IN NET TONS

(The current weekly estimates are based on railroad carloadings and river shipments and are subject to revision on receipt of monthly tonnage reports from district and State sources or of final annual returns from the operators.)

State—	Week Ended July 14, 1945	July 7, 1945	July 15, 1944
Alabama	398,000	303,000	376,000
Alaska	6,000	5,000	7,000
Arkansas and Oklahoma	88,000	74,000	88,000
Colorado	125,000	88,000	134,000
Georgia and North Carolina	1,000	*	1,000
Illinois	1,369,000	933,000	1,451,000
Indiana	593,000	463,000	551,000
Iowa	47,000	37,000	44,000
Kansas and Missouri	113,000	115,000	141,000
Kentucky—Eastern	936,000	598,000	991,000
Kentucky—Western	400,000	277,000	416,000
Maryland	40,000	22,000	44,000
Michigan	2,000	2,000	2,000
Montana (bitum. & lignite)	112,000	88,000	74,000
New Mexico	29,000	23,000	35,000
North & South Dakota (lignite)	44,000	37,000	36,000
Ohio	770,000	550,000	684,000
Pennsylvania (bituminous)	2,885,000	1,987,000	2,976,000
Tennessee	131,000	83,000	152,000
Texas (bituminous & lignite)	1,000	1,000	2,000
Utah	131,000	92,000	127,000
Virginia	365,000	213,000	390,000
Washington	18,000	18,000	26,000
†West Virginia—Southern	2,030,000	1,160,000	2,274,000
‡West Virginia—Northern	1,180,000	805,000	1,112,000
Wyoming	195,000	152,000	155,000
§Other Western States	1,000	*	1,000
Total bituminous & lignite	12,010,000	8,126,000	12,290,000

†Includes operations on the N. & W.; C. & O.; Virginian; K. & M.; B. C. & G.; and on the B. & O. in Kanawha, Mason, and Clay counties. ‡Rest of State, including the Panhandle District and Grant, Mineral, and Tucker counties. §Includes Arizona and Oregon. *Less than 1,000 tons.

National Fertilizer Association Commodity Price Index Shows Moderate Advance

The weekly wholesale commodity price index, compiled by The National Fertilizer Association and made public on July 30, advanced moderately to 141.6 for the week ended July 28, 1945, from 141.3 for the preceding week. A month ago the index stood at the present level of 141.6, and a year ago at 138.4, all based on the 1935-1939 average as 100. The Association's report added:

During the week three of the composite groups of the index advanced and one declined. The foods group advanced because of higher prices for oranges, potatoes and eggs. Prices were mixed in the farm products group during the week, the result being a slight advance in the index. The cotton index showed a substantial decline. This was more than offset by (1) the slight advance in the grains index with higher quotations for wheat at Kansas City and rye more than offsetting declining prices for corn; and (2) a moderate advance in the livestock index due to higher prices for eggs more than offsetting lower prices for lambs and sheep. There was a slight decline in timothy hay at New York. Higher quotations for paperboard caused a fractional advance in the miscellaneous commodities group. The textiles group declined slightly. All other groups in the index remained unchanged.

During the week 6 price series in the index advanced and 5 declined; in the preceding week there were 4 advances and 6 declines; in the second preceding week there were 5 advances and 3 declines.

WEEKLY WHOLESALE COMMODITY PRICE INDEX
Compiled by The National Fertilizer Association
1935-1939=100*

% Each Group Bears to the Total Index	Group	Latest Week July 28, 1945	Preceding Week July 21, 1945	Month Ago June 30, 1945	Year Ago July 29, 1944
25.3	Food	144.2	142.7	143.6	141.5
	Fats and Oils	145.0	145.0	145.2	145.1
	Cottonseed Oil	162.4	162.4	163.1	163.1
23.0	Farm Products	167.7	167.6	167.7	161.2
	Cotton	213.0	215.5	214.0	203.1
	Grains	163.5	163.0	164.6	157.9
	Livestock	162.3	161.8	161.8	155.6
17.3	Fuels	133.3	133.3	133.3	130.1
10.8	Miscellaneous Commodities	133.9	133.7	133.7	132.2
8.2	Textiles	156.8	157.2	157.0	152.6
7.1	Metals	108.9	108.9	108.9	104.4
6.1	Building Materials	153.8	153.8	153.8	154.0
1.3	Chemicals and Drugs	125.8	125.8	125.9	126.9
.3	Fertilizer Materials	118.3	118.3	118.3	118.3
.3	Fertilizers	119.9	119.9	119.9	119.7
.3	Farm Machinery	104.8	104.8	104.8	104.5
100.0	All groups combined	141.6	141.3	141.6	138.4

*Indexes on 1926-1928 base were: July 28, 1945, 110.3; July 21, 1945, 110.1, and July 29, 1944, 107.8.

Islands in Pacific Considered Exempted From President's Speech

President Truman's remark during a speech at Berlin that the United States did not want "one piece of territory" out of this war has led a number of Senators to express the hope that the President was excepting strategic islands in the Pacific, a Washington dispatch from the Associated Press stated, July 20 (as given in the New York "Times") and continued:

Senator Harry F. Byrd, Democrat, of Virginia, who headed a delegation of Senators who discussed the island question with United States delegates at the San Francisco Conference, said: "We must retain those island bases. We need them to keep the future peace in the Pacific."

Senator Robert A. Taft, Republican of Ohio, said that he hoped all the islands north of the equator remained in American control. "Perhaps the President just overlooked that point in making his talk," he added.

Senator Carl A. Hatch, New Mexico Democrat, asserted that he was certain that the President agreed with the view of the Army and Navy that American island bases were essential. "I think the President was speaking of not retaining territory for selfish gain," he said. "Any Pacific area we keep will be for defense purposes only and is likely to be almost entirely worthless for any other purposes."

Senator Edwin C. Johnson, Democrat, of Colorado, suggested that perhaps Mr. Truman was alluding only to the European war, but Senator Allen J. Ellender, Democrat of Louisiana, said that in any event he believed the President was being "too liberal." "I believe that we not only ought to have the Pacific islands that we have conquered but that we ought to have control of some of the military bases we have built in other parts of the world," Mr. Ellender asserted.

Results Of Treasury Bill Offering

The Secretary of the Treasury announced on July 30 that the tenders of $1,300,000,000 or thereabouts of 91-day Treasury bills to be dated Aug. 2 and to mature Nov. 1, 1945, which were offered on July 27, were opened at the Federal Reserve Bank on July 30.

The details of this issue are as follows:

Total applied for, $1,938,301,000.

Total accepted, $1,316,707,000 (includes $49,091,000 entered on a fixed price basis at 99.905 and accepted in full).

Average price, 99.905, equivalent rate of discount approximately 0.375% per annum.

Range of accepted competitive bids:

High 99.907, equivalent rate of discount approximately 0.368% per annum.

Low 99.905, equivalent rate of discount approximately 0.376% per annum.

(65% of the amount bid for at the low price was accepted.)

There was a maturity of a similar issue of bills on Aug. 2 in the amount of $1,314,334,000.

Moody's Daily Commodity Index

Tuesday, July 24, 1945	254.4
Wednesday, July 25	254.6
Thursday, July 26	254.3
Friday, July 27	254.3
Saturday, July 28	254.8
Monday, July 30	254.9
Tuesday, July 31	254.9
Two weeks ago, July 17	254.6
Month ago, June 30	256.2
Year ago, July 31, 1944	250.0
1944 High, Dec. 31	254.4
Low, Nov. 1	245.7
1945 High, June 12	258.0
Low, Jan 24	252.1

Trading on New York Exchanges

The Securities and Exchange Commission made public on July 25 figures showing the volume of total round-lot stock sales on the New York Stock Exchange and the New York Curb Exchange and the volume of round-lot stock transactions for the account of all members of these exchanges in the week ended July 7, continuing a series of current figures being published weekly by the Commission. Short sales are shown separately from other sales in these figures.

Trading on the Stock Exchange for the account of members (except odd-lot dealers) during the week ended July 7 (in round-lot transactions) totaled 1,312,385 shares, which amount was 14.08% of the total transactions on the Exchange of 4,662,080 shares. This compares with member trading during the week ended June 30, of 3,909,636 shares, or 15.07% of the total trading of 12,973,920 shares. On the New York Curb Exchange, member trading during the week ended July 7 amounted to 353,110 shares of 13.01% of the total volume on that exchange of 1,357,371 shares. During the week ended June 30 trading for the account of Curb members of 978,295 shares was 12.38% of the total trading of 3,951,870 shares.

Total Round-Lot Stock Sales on the New York Stock Exchange and Round-Lot Stock Transactions for Account of Members* (Shares)
WEEK ENDED JULY 7, 1945

	Total for week	†%
A. Total Round-Lot Sales:		
Short sales	149,970	
‡Other sales	4,512,110	
Total sales	4,662,080	
B. Round-Lot Transactions for Account of Members, Except for the Odd-Lot Accounts of Odd-Lot Dealers and Specialists:		
1. Transactions of specialists in stocks in which they are registered—		
Total purchases	369,050	
Short sales	70,070	
‡Other sales	341,790	
Total sales	411,860	8.38
2. Other transactions initiated on the floor—		
Total purchases	88,490	
Short sales	10,500	
‡Other sales	109,380	
Total sales	119,880	2.23
3. Other transactions initiated off the floor—		
Total purchases	122,360	
Short sales	36,740	
‡Other sales	164,005	
Total sales	200,745	3.47
4. Total—		
Total purchases	579,900	
Short sales	117,310	
‡Other sales	615,175	
Total sales	732,485	14.08

Total Round-Lot Stock Sales on the New York Curb Exchange and Stock Transactions for Account of Members* (Shares)
WEEK ENDED JULY 7, 1945

	Total for week	†%
A. Total Round-Lot Sales:		
Short sales	19,010	
‡Other sales	1,338,361	
Total sales	1,357,371	
B. Round-Lot Transactions for Account of Members:		
1. Transactions of specialists in stocks in which they are registered—		
Total purchases	105,380	
Short sales	6,200	
‡Other sales	105,205	
Total sales	111,405	7.99
2. Other transactions initiated on the floor—		
Total purchases	32,650	
Short sales	1,900	
‡Other sales	39,200	
Total sales	41,100	2.72
3. Other transactions initiated off the floor—		
Total purchases	19,360	
Short sales	3,450	
‡Other sales	39,765	
Total sales	43,215	2.30
4. Total—		
Total purchases	157,390	
Short sales	11,550	
‡Other sales	184,170	
Total sales	195,720	13.01
C. Odd-Lot Transactions for Account of Specialists—		
Customers' short sales	0	
§Customers' other sales	53,407	
Total purchases	53,407	
Total sales	41,021	

*The term "members" includes all regular and associate Exchange members, their firms and their partners, including special partners.

†In calculating these percentages the total of members' purchases and sales is compared with twice the total round-lot volume on the Exchange for the reason that the Exchange volume includes only sales.

‡Round-lot short sales which are exempted from restriction by the Commission's rules are included with "other sales."

§Sales marked "short exempt" are included with "other sales."

Wholesale Prices Unchanged In Week Ended July 21, Labor Dept. Reports

The Bureau of Labor Statistics index of commodity prices in primary markets remained unchanged during the week ended July 21, at 105.6% of the 1926 average, said the United States Department of Labor on July 26. "Prices in general moved irregularly, with minor gains made by some agricultural commodities," said the Department's advices, which added that "the overall index was 0.3% below the level of a month ago and 1.6% above the corresponding week of last year." The Department also reported:

"Farm Products and Foods—Fractionally higher prices for grains and for fruits and vegetables raised the group index for farm products by 0.2% during the week. Rye quotations continued to advance on speculative buying and corn prices were higher. Quotations for wheat were fractionally lower, as increased quantities reached the market. Prices for eggs advanced more than 1% in accordance with seasonal changes in ceilings. Prices for ewes rose nearly 7% in response to small marketings. Quotations for apples were higher and oranges advanced seasonally. White potatoes from the new crop were higher, partly as the result of disaster ceilings permitted by OPA. Lemons were substantially lower with a heavy crop and onions dropped with the expiration of disaster ceilings previously permitted. Average prices for farm products were 1.2% below four weeks ago and 3.5% above mid-July of last year.

"Average prices for foods rose 0.3% during the week as the result of the higher quotations for fruits and vegetables and for eggs. In addition, rye flour continued to advance while prices for wheat flour were fractionally lower. Primary market prices for foods were 0.7% below four weeks ago and 0.5% above mid-July 1944.

"Other Commodities—Prices for industrial commodities moved in a narrow range during the week. Continued adjustments in anthracite prices to the higher ceilings permitted by OPA in June were offset by lower sales realizations for natural and manufactured gas to leave the group index for fuel and lighting materials unchanged. Mercury prices declined approximately 3% as the market continued weak. Quotations for turpentine were higher and common brick advanced fractionally. The group index for all commodities other than farm products and foods has remained unchanged for the past four weeks at a level 1.1% above mid-July of last year."

The Labor Department included the following notation in its report:

Note—During the period of rapid changes caused by price controls, materials allocation, and rationing, the Bureau of Labor Statistics will attempt promptly to report changing prices. The indexes must be considered as preliminary and subject to such adjustment and revision as required by later and more complete reports.

The following tables show (1) indexes for the principal groups of commodities for the past three weeks, for June 23, 1945 and July 22, 1944; and (2) percentage changes in subgroup indexes from July 14, 1945 to July 21, 1945.

WHOLESALE PRICES FOR WEEK ENDED JULY 21, 1945
(1926 = 100)

						Percentage change to July 21, 1945, from—		
Commodity Groups—	7-21 1945	7-14 1945	7-7 1945	6-23 1945	7-22 1944	7-14 1945	6-23 1945	7-22 1944
All commodities	105.6	105.6	105.8	105.9	103.9	0	—0.3	+1.6
Farm products	128.5	128.2	129.4	130.0	124.1	+0.2	—1.2	+3.5
Foods	106.5	106.2	107.2	107.3	106.0	+0.3	—0.7	+0.5
Hides and leather products	118.5	118.5	118.5	118.3	116.8	0	+0.2	+1.5
Textile products	99.1	99.1	99.1	99.1	97.4	0	0	+1.7
Fuel and lighting materials	84.8	84.8	84.8	84.7	83.9	0	+0.1	+1.1
Metals and metal products	104.8	104.8	104.8	104.8	103.8	0	0	+1.0
Building materials	117.3	117.3	117.3	117.3	115.9	0	0	+1.2
Chemicals and allied products	95.2	95.2	95.4	95.3	95.4	0	—0.1	—0.2
Housefurnishing goods	106.2	106.2	106.2	106.2	106.0	0	0	+0.2
Miscellaneous commodities	94.6	94.6	94.6	94.6	93.3	0	0	+1.4
Raw materials	117.7	117.6	118.3	118.6	113.8	+0.1	—0.8	+3.4
Semimanufactured articles	95.2	95.2	95.2	95.3	93.8	0	—0.1	+1.5
Manufactured products	101.9	101.9	102.0	102.0	101.1	0	—0.1	+0.8
All commodities other than farm products	100.6	100.6	100.6	100.6	99.5	0	0	+1.1
All commodities other than farm products and foods	99.8	99.8	99.8	99.8	98.7	0	0	+1.1

PERCENTAGE CHANGES IN SUBGROUP INDEXES FROM JULY 14, 1945, TO JULY 21, 1945

Increases

Fruits and vegetables	0.9	Other farm products	0.2
Anthracite	0.6	Brick and tile	0.1
Grains	0.5	Paint and paint materials	0.1
Other foods	0.2		

Decreases

Gas	1.0	Non-ferrous metals	0.1
Cereal produts	0.2		

Changes in Holdings of Reacquired Stock Of N. Y. Stock & Curb Listed Firms

The New York Stock Exchange announced on June 15 that the following companies have reported changes in the amount of stock held as heretofore reported by the Department of Stock List:

Company and Class of Stock—	Shares Previously Reported	Shares Per Latest Report	
Adams Express Company, The, common	1,114,199	1,128,983	
American Ice Company, preferred	2,201	4,201	
American Locomotive Company, 7% preferred	22,200	10,446	(1)
American Machine and Metals, Inc., common	35,043	31,043	
Associates Investment Company, common	43,594	43,334	
Atlas Corporation, common	3,270	16,186	
Borden Company, The, capital	182,794	184,194	
Columbia Pictures Corporation, preferred	200	300	
Copperweld Steel Company, preferred	12,466	12,946	(2)
General Motors Corporation, common	109,814	116,114	
Gimbel Brothers, preferred	23,351	23,542	
International Minerals & Chemical Corp., common	91,909	83,959	
Jewel Tea Co., Inc., common	2,236	2,100	(3)
Johnson & Johnson, common	33,029	32,833	(4)
Preference	1,449	1,440	
Madison Square Garden Corporation, capital	44,100	48,600	
National Cylinder Gas Company, common	4,619	14,519	
Newport News Shipbuilding and Dry Dock Co., preferred	38,900	39,300	
Outboard, Marine & Manufacturing Company, common	43	44	
Plymouth Oil Company, common	3,699	4,299	
Radio-Keith-Orpheum Corporation, 6% preferred	4,750	1,084	(5)
Rustless Iron and Steel Corporation, common	12	14	
Safeway Stores Incorporated, common	45,301	45,302	
Sheaffer (W. A.) Pen Co., common	6,230	6,124	
Sinclair Oil Corporation, common	954,137	954,139	
Twentieth Century-Fox Film Corporation, preferred	75,750	76,450	
Wilson & Co., common	20	22	
Preferred	26,803	50,697	

NOTES

(1) Acquired 200 shares, and cancelled for Sinking Fund purposes 11,954 shares.

(2) Acquired during the months of February, March and May, 1945.

(3) Issued to employees from Feb. 24, 1945, to May 19, 1945.

(4) Decrease represents shares delivered under the employees' extra compensation plan.

(5) Reacquired 1,220 and cancelled 4,886.

The New York Curb Exchange made available on June 16 the following list of issues of fully listed securities which have reported changes in their holdings of reacquired stock:

Company and Class of Stock—	Shares Previously Reported	Shares Per Latest Report
Air Investors, Inc., conv. pref.	80	200
American General Corp., common	430,483	435,586
Carman & Co., Inc., class A	730	830
Crown Central Petroleum Corp., common	612	613
Equity Corp., $3 conv. pfd.	73,920	74,445
Fedders Mfg. Co., Inc., common	8,802	None
Hearn Department Stores, Inc., 6% preferred	25,874	26,144
Holt (Henry) & Co., Inc., common	None	1,730
Hygrade Food Products Corp., common	29,239	30,440
International Utilities Corp., common	248	264
Klein (D. Emil) Co., Inc., common	20,369	20,569
Knott Corp., common	11,040	11,060
Lane Bryant, Inc. 7% preferred	10	17
Midland Oil Corp., $2 conv. pref.	12,565	None
Niagara Share Corp., B common	213,081	216,181
Stein (A.) & Co., common	8,656	8,706

Weiss Chicago Mgr. of N. Y.-N. J. Port Board

Howard S. Cullman, Chairman of the Port of New York Authority, announced on July 31 the appointment of George H. Weiss as Manager of the Chicago office to be opened by the joint New York-New Jersey port agency. Mr. Weiss until recently was Manager of the Marine Department of the Chicago "Journal of Commerce." The location of the Chicago office, which will be opened on Oct. 1, will be announced later. Establishment of a Chicago office by the New York Port Board, it is announced, was approved by the Port Authority Commissioners last May as part of the program to meet intensified competition for Middle Western commerce from rival North Atlantic and gulf ports, and to assure a high level of Port employment at New York in the post-war period, Chairman Cullman said. "Mr. Weiss is an outstanding expert in the fields of ocean and railroad transportation and has had extensive experience in the Port of New York as well as in Chicago," the Port Authority Chairman stated.

Mr. Weiss was born and educated in New York and was active in business and newspaper work here until 1930, when he went to Chicago. He was on the staff of the New York "Journal of Commerce" from 1904 to 1915, first as assistant and later as shipping editor, and from 1915 to 1924 he was editor of the "Marine News." For the next six years he was engaged in the marine supply business in New York.

Mr. Cullman explained that the Chicago office of the Port of New York Authority will be similar to those of other Port agencies already established there, and will be staffed by a Manager and a Secretary. Shippers throughout the central western territory will be contacted, and the office will work with railroads and steamship lines to obtain the routing of freight through the New York-New Jersey Port gateway.

NYSE Odd-Lot Trading

The Securities and Exchange Commission made public on July 25 a summary for the week ended July 14 of complete figures showing the daily volume of stock transactions for odd-lot account of all odd-lot dealers and specialists who handled odd lots on the New York Stock Exchange, continuing a series of current figures being published by the Commission. The figures are based upon reports filed with the Commission by the odd-lot dealers and specialists.

STOCK TRANSACTIONS FOR THE ODD-LOT ACCOUNT OF ODD-LOT DEALERS AND SPECIALISTS ON THE N. Y. STOCK EXCHANGE
Week Ended July 14, 1945

	Total For Week
Odd-Lot Sales by Dealers— (Customers' sales)	
Number of orders	19,482
Number of shares	577,712
Dollar value	$24,302,733
Odd-Lot Purchases by Dealers— (Customers' sales)	
Number of Orders:	
Customers' short sales	50
*Customers' other sales	21,532
Customers' total sales	21,582
Number of Shares:	
Customers' short sales	2,027
*Customers' other sales	457,616
Customers' total sales	459,643
Dollar value	$18,142,104
Round-Lot Sales by Dealers—	
Number of Shares:	
Short sales	60
†Other sales	90,810
Total sales	90,870
Round-Lot Purchases by Dealers—	
Number of shares	237,580

*Sales marked "short exempt" are reported with "other sales."

†Sales to offset customers' odd-lot orders and sales to liquidate a long position which is less than a round lot are reported with "other sales."

Daily Average Crude Oil Production for Week Ended July 21, Rose 250 Barrels to New High

The American Petroleum Institute estimates that the daily average gross crude oil production for the week ended July 21, 1945 was 4,944,250 barrels, another new high, up 250 barrels per day over the preceding week and an increase of 328,800 barrels per day when compared with the corresponding week of last year. The current figure also exceeded the daily average figure recommended by the Petroleum Administration for War for the month of July, 1945 by 54,350 barrels. Production for the week ended July 14, 1945 was 57,800 barrels per day in excess of that for the week ended July 7, 1945. Daily output for the four weeks ended July 21, 1945 averaged 4,919,450 barrels. Further details as reported by the Institute follow:

Reports received from refining companies indicate that the industry as a whole ran to stills on a Bureau of Mines basis approximately 4,927,000 barrels of crude oil daily and produced 15,430,000 barrels of gasoline; 1,442,000 barrels of kerosine; 5,090,000 barrels of distillate fuel, and 9,071,000 barrels of residual fuel oil during the week ended July 21, 1945; and had in storage at the end of that week 46,253,000 barrels of civilian grade gasoline; 39,677,000 barrels of military and other gasoline; 10,894,000 barrels of kerosine; 35,458,000 barrels of distillate fuel, and 42,480,000 barrels of residual fuel oil.

DAILY AVERAGE CRUDE OIL PRODUCTION (FIGURES IN BARRELS)

	*P. A. W. Recommendations July	*State Allowables Begin. July 1	Actual Production Week Ended July 21 1945	Change from Previous Week	4 Weeks Ended July 21 1945	Week Ended July 22 1944
Oklahoma	380,000	380,000	†390,750	+ 1,050	389,400	341,200
Kansas	274,000	269,400	†282,350	+ 4,650	268,900	285,300
Nebraska	1,000	----	†900	----	900	900
Panhandle Texas			87,500	----	88,100	89,150
North Texas			152,300	----	152,900	151,550
West Texas			521,400	----	515,450	463,550
East Central Texas			139,000	----	139,200	148,350
East Texas			379,500	----	379,050	363,550
Southwest Texas			360,750	----	360,000	319,750
Coastal Texas			568,950	----	567,450	531,400
Total Texas	2,180,000	‡2,184,285	2,209,400	----	2,202,150	2,067,300
North Louisiana			70,400	— 300	70,000	72,050
Coastal Louisiana			296,900	----	297,400	285,400
Total Louisiana	360,000	400,800	367,300	— 300	367,400	357,450
Arkansas	80,000	78,786	79,750	— 450	80,000	80,500
Mississippi	53,000		52,300	+ 500	51,850	44,950
Alabama	500		1,000	+ 50	850	200
Florida	----		200	— 50	150	50
Illinois	200,000		205,800	+ 3,650	207,950	208,250
Indiana	13,000		13,350	+ 450	12,500	12,650
Eastern— (Not incl. Ill., Ind., Ky.)	64,200		63,800	— 2,450	64,150	61,400
Kentucky	28,000		29,600	— 800	30,200	23,150
Michigan	47,000		45,300	— 8,600	49,300	49,600
Wyoming	118,200		114,900	— 450	112,250	87,750
Montana	22,000		20,800	----	20,650	22,100
Colorado	12,000		11,800	+ 1,100	11,100	8,900
New Mexico	105,000	105,000	103,250	----	103,400	108,500
Total East of Calif	3,937,900		3,992,550	— 1,650	3,973,100	3,760,150
California	952,000	§952,000	951,700	+ 1,900	946,350	855,300
Total United States	4,889,900		4,944,250	+ 250	4,919,450	4,615,450

*PAW recommendations and State allowables, as shown above, represent the production of crude oil only, and do not include amounts of condensate and natural gas derivatives to be produced.

†Oklahoma, Kansas, Nebraska figures are for week ended 7:00 a. m. July 12, 1945.

‡This is the net basic allowable as of July 1 calculated on a 31-day basis and includes shutdowns and exemptions for the entire month. With the exception of several fields which were exempted entirely and of certain other fields for which shutdowns were ordered for from 2 to 15 days, the entire State was ordered shut down for 5 days, no definite dates during the month being specified; operators only being required to shut down as best suits their operating schedules or labor needed to operate leases, a total equivalent to 5 days' shutdown time during the calendar month.

§Recommendation of Conservation Committee of California Oil Producers.

CRUDE RUNS TO STILLS; PRODUCTION OF GASOLINE; STOCKS OF FINISHED AND UNFINISHED GASOLINE, GAS OIL AND DISTILLATE FUEL AND RESIDUAL FUEL OIL, WEEK ENDED JULY 21, 1945

(Figures in thousands of barrels of 42 gallons each)

Figures in this section include reported totals plus an estimate of unreported amounts and are therefore on a Bureau of Mines basis

District—	% Daily Refining Capacity Reporting	Crude Runs to Stills Daily Average	Crude Runs to Stills % Operated	§Gasoline Production at Ref. Inc. Nat. Blended	‡Stocks of Gas Oil & Dist. Fuel Oil	‡Stocks of Residual Fuel oil	‡Gasoline Stocks Military and Other	‡Gasoline Stocks Civilian Grade
East Coast	99.5	793	100.3	1,903	8,478	6,708	5,335	7,943
Appalachian—								
District No. 1	76.8	93	63.7	294	363	252	1,740	1,233
District No. 2	81.2	52	104.0	161	115	119	176	1,160
Ind., Ill., Ky.	87.2	842	98.2	2,927	5,231	2,598	6,065	13,150
Okla., Kan., Mo.	78.3	382	81.4	1,376	2,117	1,374	1,763	6,816
Inland Texas	59.8	224	67.9	979	399	901	1,161	1,743
Texas Gulf Coast	89.3	1,124	90.9	3,743	6,114	5,730	9,995	4,680
Louisiana Gulf Coast	96.8	278	106.9	906	1,716	1,054	2,313	1,945
No. La. & Arkansas	55.9	92	73.0	276	658	206	133	2,462
Rocky Mountain—								
District No. 3	17.1	13	100.0	46	21	38	----	83
District No. 4	72.1	116	73.0	383	334	626	656	1,590
California	87.3	918	92.1	2,436	9,912	22,874	10,340	3,448
Total U. S. B. of M. basis July 21, 1945	85.8	4,927	90.7	15,430	35,458	42,480	*39,677	46,253
Total U. S. B. of M. basis July 14, 1945	85.8	4,945	91.0	15,349	34,804	41,489	39,322	46,079
U. S. B. of M basis July 22, 1944		4,677		14,242	37,216	55,744	36,203	44,465

*Includes aviation and military grades, finished and unfinished, title to which still remains in the name of the producing company; solvents, naphthas, blending stocks currently indeterminate as to ultimate use, and 11,399,000 barrels unfinished gasoline this week, compared with 11,727,000 barrels a year ago. These figures do not include any gasoline on which title has already passed, or which the military forces may actually have in custody in their own or leased storage. ‡Stocks at refineries, at bulk terminals, in transit and in pipe lines. §Not including 1,442,000 barrels of kerosene, 5,090,000 barrels of gas oil and distillate fuel oil and 9,071,000 barrels of residual fuel oil produced during the week ended July 21, 1945, which compares with 1,611,000 barrels, 5,197,000 barrels and 9,337,000 barrels, respectively, in the preceding week and 1,456,000 barrels, 4,972,000 barrels and 8,767,000 barrels, respectively, in the week ended July 22, 1944.

Note—Stocks at refineries at July 21, 1945, amounted to 10,894,000 barrels, as against 10,610,000 barrels a week earlier and 11,378,000 barrels a year ago.

Civil Engineering Construction $41,090,000 for Week

Civil engineering construction volume in continental United States totals $41,090,000 for the week. This volume, not including construction by military engineers abroad, American contracts outside the country, and shipbuilding, is 18% below the total reported for last week, 10% lower than the previous four-week moving average, and compares with $41,066.000 for the 1944 week, according to "Engineering News-Record." The report issued on July 26, added:

Private construction for the week is 32% lower than a year ago, but public construction is 20% higher. Federal construction is 23% lower than a year ago while state and municipal is up 190% compared with the 1944 week.

The current week's construction brings 1945 volume to $1,047,139,000 for the 30 weeks, compared with $1,050,391,000 for the corresponding period last year. Private construction, $298,649,000, is 25% above last year, but public construction, $748,490,000 shows a decrease of 8%, due to the 15% drop in federal construction. State and municipal construction, $173,618,000, is 29% above the 1944 period.

Civil engineering construction volumes for the current week, the preceding week, and the 1944 week are:

	July 26, 1945* (five days)	July 19, 1945 (five days)	July 27, 1945 (five days)
Total U. S. Construction	$41,090,000	$50,065,000	$41,066,000
Private Construction	10,500,000	8,349,000	15,553,000
Public Construction	30,590,000	41,716,000	25,513,000
State & Municipal	15,021,000	10,854,000	5,191,000
Federal	15,569,000	30,862,000	20,322,000

*Current Week's Statistics

In the classified construction groups, gains over the preceding week are in bridges, commercial and industrial buildings and earthwork and drainage. Gains over the 1944 week are in waterworks, bridges, highways and unclassified construction. Subtotals for the week in each class of construction are: waterworks, $1,339,000; sewerage, $557,000; bridges, $4,657,000; industrial buildings, $6,401,000; commercial building and private mass housing, $1,881,000; public buildings, $11,240,000; earthwork and drainage, $2,165,000; streets and roads, $5,197,000; unclassififed construction, $7,653,000.

New capital for construction purposes for the week totals $7,762,000 and is comprised solely of state and municipal bonds. New construction financing for the year to date, $1,485,700,000, is 4% below the volume reported for the corresponding 30-week period in 1944.

Post-war Construction Planning Volume $21.7 Billions

Identified and recorded engineering projects proposed for construction in the post-war years total $21,752,883,000 according to reports to "Engineering News-Record" in the period from January 1, 1943 through July 19, 1945. Plans are under way or completed on post-war projects valued at $9,612,286,000, 44% of the total volume proposed, and on $1,579,730,000 worth of projects all financing arrangements have been completed.

Non-Ferrous Metals—August Zinc "Set-Aside" Fixed by WPB—Copper Stockpiles Increasing

"E. & M. J. Metal and Mineral Markets," in its issue of July 26, stated: "The Tin-Lead-Zinc Division, WPB, has fixed the August 'set-aside' for zinc. The percentages that are to be held in reserve for essential business were about in line with expectations. Statistics compiled by fabricators of copper indicated that consumption of the metal dropped to 117,492 tons during June, which contrasts with deliveries by producers of 94,031 tons in the same month. The stockpile of copper continues to expand. Reserve stocks of lead are increasing, owing chiefly to the limitation orders that are restricting consumption. Quicksilver was lower in price in the absence of important buying. The feeling that the war with Japan may end before long was a market factor." The publication further went on say in part:

Copper

Refined copper may now be purchased by all eligible purchasers without certification, preference rating, or authorization number from the Reconstruction Finance Corporation, according to a joint statement issued July 21 by that agency and the War Production Board. Eligible purchasers are defined in WPB's copper order (m-9) and its directions.

It was also stated that purchasers who are unable to obtain their copper requirements from copper producers should place their orders with an agent of RFC. If for any reason the required copper cannot be obtained from either of these sources, purchasers desiring copper should apply to the Copper Division, WPB, in Washington.

Fabricators consumed 117,492 tons of copper during June, against 131,670 tons in May and the peak of 171,558 tons in March. Stocks of copper in the hands of fabricators at the end of June totaled 378,076 tons, against 401,530 tons a month previous.

The stockpile of copper is increasing. At the end of June it amounted to 281,600 tons, and the industry believes that by the end of July it may total close to 325,000 tons.

Lead

New business placed in the domestic market for lead during the last week was in moderate volume, sales totaling 4,997 tons. Consumers learned that WPB will release around 19,000 tons of foreign lead in August, or about the same tonnage as in the preceding month. Imports are coming through at a good rate, and the stockpile is growing. By the end of August it is likely to exceed 100,000 tons.

With reserve supplies increasing, most observers feel that the restrictions should be eased, particularly in reference to white lead.

June production of lead by refineries operating in the United States amounted to 38,626 tons, against 45,848 tons in May, and 39,755 tons in June last year, the American Bureau of Metal Statistics reports. A summary of the domestic figures for May and June, in tons, follows:

	June	May
Stock at beginning	38,488	33,234
Production:		
Domestic	34,513	42,126
Secondary and foreign	4,113	3,722
Total	38,626	45,848
Domestic shipments	39,658	40,585
Stock at end	37,452	38,488

Zinc

WPB has asked producers and importers to set aside zinc for preferred needs in August in the following percentages of estimated supply: Special High Grade, 60%; Regular High Grade, 40%; Brass Special, 50%; Intermediate, 75%, and Prime Western, 75%. Consumers holding preference certificates are required to place such business by the 10th of the month. After this date, sellers may dispose of unsold zinc as free metal. There was a fair demand for free metal, indicating that consumers were eager to get away from Government restrictions.

Mine production of zinc in the United States in terms of recoverable metal amounted to 53,205 tons in May, which compares with 51,808 tons in April, the Bureau of Mines reports.

Aluminum

Output of primary aluminum in April amounted to 103,200,000 pounds, against 106,200,000 pounds in March, according to the Aluminum and Magnesium Division, WPB. Production of secondary aluminum in April totaled 66,200,000 pounds, which compares with 67,600,000 pounds in March.

Shipment of aluminum products amounted to 225,800,000 pounds in April, 2% less than in March.

Magnesium

Production of primary magnesium in May amounted to 6,407,000 pounds, against 6,412,000 pounds in April, the Aluminum and Magnesium Division, WPB, reports. Primary production is expected to increase because of the recently announced expansion program.

Output of secondary magnesium in May came to 2,773,000 pounds, which compares with 2,784,000 pounds in April.

Tin

Negotiations for renewing the tin concentrate contracts with Bolivian producers have been resumed by FEA. Renewal of the agreement was postponed in June because of other pressing business, and contracts that expired on June 30 were kept open for review at a later date. Some of the producers have asked for a revision of the terms that, in effect, would result in a higher price.

The market situation in tin was unchanged last week. Quotations for Straits quality tin continued at 52¢ per pound. Shipments prices were nominally as follows:

	Aug.	Sept.	Oct.
July 19	52.000	52.000	52.000
July 20	52.000	52.000	52.000
July 21	52.000	52.000	52.000
July 23	52.000	52.000	52.000
July 24	52.000	52.000	52.000
July 25	52.000	52.000	52.000

Chinese, or 99% tin, continued at 51.125¢ per pound.

Quicksilver

The statistics of the Bureau of Mines confirmed earlier reports that consumption of quicksilver was of record proportions in May. The battery program was responsible for sending consumption up to 8,900 flasks in that month. Use of quicksilver in other applications declined. Domestic production in May amounted to 3,300 flasks, an increase of 300 flasks over the previous month. Stocks in consumers' and dealers' hands at the end of May stood at 15,600 flasks, or only 200 flasks less than at the end of April. Import statistics are not yet available, but the industry believes that more than 23,000 flasks of quicksilver arrived here from abroad since the beginning of the year.

Prices remained unsettled and spot metal was available at $138 to $142 per flask, depending on quantity. Sellers said that August arrival was available at $135, and August-September shipment from abroad was $130 to $133.

Silver

The London silver market was quiet last week and the price continued at 25½d. The New York Official for foreign silver was unchanged at 44¾¢, with domestic metal at 70⅝¢.

Revenue Freight Car Loadings During Week Ended July 21, 1945 Decreased 945 Cars

Loading of revenue freight for the week ended July 21, 1945, totaled 882,323 cars, the Association of American Railroads announced on July 26. This was a decrease below the corresponding week of 1944 of 19,769 cars, or 2.2%, and a decrease below the same week in 1943 of 1,515 cars, or 0.2%.

Loading of revenue freight for the week of July 21 decreased 945 cars, or 0.1% below the preceding week.

Miscellaneous freight loading totaled 391,912 cars, an increase of 2,958 cars above the preceding week, but a decrease of 9,006 cars below the corresponding week in 1944.

Loading of merchandise less than carload lot freight totaled 103,684 cars, a decrease of 1,193 cars below the preceding week but an increase of 1,054 cars above the corresponding week in 1944.

Coal loading amounted to 168,883 cars, a decrease of 6,198 cars below the preceding week, and a decrease of 6,102 cars below the corresponding week in 1944.

Grain and grain products loading totaled 68,552 cars, an increase of 2,907 cars above the preceding week and an increase of 8,829 cars above the corresponding week in 1944. In the Western districts alone, grain and grain products loading for the week of July 21 totaled 45,362 cars, a decrease of 795 cars below the preceding week but an increase of 4,785 cars above the corresponding week in 1944.

Livestock loading amounted to 13,680 cars, an increase of 387 cars above the preceding week but a decrease of 290 cars below the corresponding week in 1944. In the Western districts alone loading of livestock for the week of July 21 totaled 9,734 cars, an increase of 503 cars above the preceding week, and an increase of 231 cars above the corresponding week in 1944.

Forest products loading totaled 44,014 cars, an increase of 512 cars above the preceding week but a decrease of 6,715 cars below the corresponding week in 1944.

Ore loading amounted to 76,712 cars, a decrease of 543 cars below the preceding week and a decrease of 7,756 cars below the corresponding week in 1944.

Coke loading amounted to 14,886 cars, an increase of 225 cars above the preceding week and an increase of 217 cars above the corresponding week in 1944.

All districts reported decreases compared with the corresponding week in 1944 except the Centralwestern. All districts reported decreases compared with 1943 except the Allegheny, Southern, Centralwestern, and Southwestern.

	1945	1944	1943
4 Weeks of January	3,001,544	3,158,700	2,910,638
4 Weeks of February	3,049,697	3,154,116	3,055,725
5 Weeks of March	4,018,627	3,916,037	3,845,547
4 Weeks of April	3,374,438	3,275,646	3,152,879
4 Weeks of May	3,452,977	3,441,616	3,363,195
5 weeks of June	4,364,662	4,338,886	4,003,393
Week of July 7	726,404	744,347	808,630
Week of July 14	883,268	903,901	877,335
Week of July 21	882,323	902,092	883,838
Total	23,753,940	23,835,541	22,901,180

The following table is a summary of the freight carloadings for the separate railroads and systems for the week ended July 21, 1945. During the period 56 roads showed increases when compared with the corresponding week a year ago.

REVENUE FREIGHT LOADED AND RECEIVED FROM CONNECTIONS (NUMBER OF CARS) WEEK ENDED JULY 21

Railroads	Total Revenue Freight Loaded			Total Loads Received from Connections	
	1945	1944	1943	1945	1944
Eastern District—					
Ann Arbor	256	329	222	1,357	1,438
Bangor & Aroostook	1,525	1,204	930	332	244
Boston & Maine	6,740	6,532	6,157	13,442	13,628
Chicago, Indianapolis & Louisville	1,271	1,462	1,456	1,947	2,111
Central Indiana	45	25	30	38	57
Central Vermont	1,078	1,060	1,118	2,204	2,162
Delaware & Hudson	4,773	5,008	6,638	11,630	12,434
Delaware, Lackawanna & Western	7,629	7,842	7,704	9,762	11,526
Detroit & Mackinac	277	263	163	118	131
Detroit, Toledo & Ironton	1,582	1,848	2,099	1,136	1,335
Detroit & Toledo Shore Line	343	371	268	2,485	2,614
Erie	12,805	13,446	14,267	15,913	17,376
Grand Trunk Western	3,908	3,920	3,614	7,789	7,758
Lehigh & Hudson River	176	188	168	3,560	2,512
Lehigh & New England	2,117	2,038	2,264	720	1,593
Lehigh Valley	8,095	8,863	8,569	11,380	16,232
Maine Central	2,919	2,498	2,258	2,800	2,426
Monongahela	6,445	6,300	6,403	339	397
Montour	2,624	2,649	2,435	15	20
New York Central Lines	51,584	53,437	54,567	49,998	55,780
N. Y., N. H. & Hartford	9,318	9,208	9,664	16,686	18,181
New York, Ontario & Western	896	1,341	1,349	2,835	3,199
New York, Chicago & St. Louis	7,257	6,973	7,235	14,919	16,220
N. Y., Susquehanna & Western	351	440	523	2,032	2,172
Pittsburgh & Lake Erie	7,675	7,973	7,532	9,464	8,976
Pere Marquette	5,319	5,485	4,905	7,479	8,232
Pittsburgh & Shawmut	917	734	913	28	21
Pittsburg, Shawmut & North	208	356	422	188	262
Pittsburgh & West Virginia	1,079	1,337	1,152	2,874	2,909
Rutland	358	382	367	1,099	1,164
Wabash	6,262	6,601	5,699	11,131	12,195
Wheeling & Lake Erie	6,122	5,726	5,377	4,031	4,811
Total	161,954	165,839	166,468	209,731	230,116
Allegheny District—					
Akron, Canton & Youngstown	774	817	724	1,124	1,352
Baltimore & Ohio	48,346	47,663	43,641	25,845	31,143
Bessemer & Lake Erie	6,343	6,449	6,465	2,280	2,290
Buffalo Creek & Gauley	†	†	291	†	†
Cambria & Indiana	1,663	1,640	1,801	11	7
Central R. R. of New Jersey	6,234	7,415	7,182	18,691	21,663
Cornwall	442	549	667	42	57
Cumberland & Pennsylvania	171	219	253	31	9
Ligonier Valley	121	128	126	75	58
Long Island	2,389	2,248	1,463	4,321	4,185
Penn-Reading Seashore Lines	1,787	1,701	1,788	2,214	2,658
Pennsylvania System	88,792	90,011	86,237	63,251	67,256
Reading Co.	14,490	14,461	16,073	27,495	30,870
Union (Pittsburgh)	18,635	19,724	20,201	7,326	7,474
Western Maryland	4,106	4,407	4,308	13,117	13,548
Total	194,293	197,432	191,220	165,823	182,570
Pocahontas District—					
Chesapeake & Ohio	28,653	29,886	29,454	15,323	14,021
Norfolk & Western	20,670	21,848	22,537	6,797	9,328
Virginian	4,369	4,468	4,915	2,143	2,285
Total	53,692	56,202	56,906	24,263	25,634
Southern District—					
Alabama, Tennessee & Northern	541	443	266	294	468
Atl. & W. P.—W. R. R. of Ala.	722	903	556	2,437	2,435
Atlanta, Birmingham & Coast	834	1,102	826	1,124	1,245
Atlantic Coast Line	8,802	9,766	11,305	9,009	9,702
Central of Georgia	3,573	3,888	3,694	3,992	5,879
Charleston & Western Carolina	1,079	683	507	1,669	1,687
Clinchfield	1,703	1,778	1,691	3,068	3,030
Columbus & Greenville	218	189	302	230	312
Durham & Southern	136	124	110	676	656
Florida East Coast	914	937	1,152	1,071	1,271
Gainesville Midland	43	49	44	110	100
Georgia	1,290	1,247	1,123	2,773	2,515
Georgia & Florida	412	373	289	671	819
Gulf, Mobile & Ohio	4,867	4,346	3,567	4,797	4,707
Illinois Central System	27,833	29,162	28,337	16,624	16,653
Louisville & Nashville	26,453	26,674	25,635	12,417	11,600
Macon, Dublin & Savannah	340	293	281	691	793
Mississippi Central	448	364	269	489	555
Nashville, Chattanooga & St. L.	3,239	3,404	3,142	4,650	5,169
Norfolk Southern	1,240	1,276	1,892	1,153	1,903
Piedmont Northern	391	370	349	1,182	1,230
Richmond, Fred. & Potomac	441	386	458	9,162	11,555
Seaboard Air Line	9,303	10,143	9,785	7,979	8,447
Southern System	25,970	24,857	22,333	24,868	24,641
Tennessee Central	561	777	530	991	860
Winston-Salem Southbound	120	128	96	949	1,032
Total	121,473	123,662	118,539	113,076	119,264
Northwestern District—					
Chicago & North Western	19,797	19,110	22,294	14,634	13,295
Chicago Great Western	2,343	2,434	2,769	3,578	3,581
Chicago, Milw., St. P. & Pac.	22,753	22,300	20,560	11,882	10,266
Chicago, St. Paul, Minn. & Omaha	3,594	3,081	3,716	3,809	3,721
Duluth, Missabe & Iron Range	27,617	27,500	29,729	265	222
Duluth, South Shore & Atlantic	951	685	796	515	562
Elgin, Joilet & Eastern	8,810	9,605	8,627	8,647	10,813
Ft. Dodge, Des Moines & South	445	416	428	83	86
Great Northern	21,347	25,283	26,246	8,776	7,076
Green Bay & Western	403	461	404	1,044	1,016
Lake Superior & Ishpeming	2,576	3,810	3,239	107	57
Minneapolis & St. Louis	2,152	2,169	1,801	2,643	2,614
Minn., St. Paul & S. S. M.	7,142	8,083	7,555	3,589	3,056
Northern Pacific	11,056	12,045	13,835	6,326	6,229
Spokane International	334	173	153	531	572
Spokane, Portland & Seattle	2,549	3,037	2,680	4,166	3,271
Total	133,869	140,192	144,832	70,595	66,437
Central Western District—					
Atch., Top. & Santa Fe System	30,070	30,223	22,343	15,454	12,892
Alton	3,323	3,625	3,610	3,853	4,359
Bingham & Garfield	299	493	617	83	97
Chicago, Burlington & Quincy	21,461	20,194	21,981	13,127	11,693
Chicago & Illinois Midland	2,349	3,156	3,184	793	881
Chicago, Rock Island & Pacific	14,196	14,935	13,550	15,862	13,341
Chicago & Eastern Illinois	2,991	2,856	2,580	4,796	7,364
Colorado & Southern	665	683	887	2,845	2,405
Denver & Rio Grande Western	3,439	3,850	3,760	6,683	6,068
Denver & Salt Lake	565	772	697	101	53
Fort Worth & Denver City	941	1,199	1,009	2,385	1,821
Illinois Terminal	1,922	2,384	1,977	2,123	2,163
Missouri-Illinois	1,317	1,136	1,049	644	601
Nevada Northern	1,239	1,670	2,058	111	106
North Western Pacific	916	1,092	943	1,081	791
Peoria & Pekin Union	22	2	24	0	0
Southern Pacific (Pacific)	35,314	34,636	34,218	15,234	14,055
Toledo, Peoria & Western	402	306	271	2,059	2,043
Union Pacific System	19,114	17,133	15,906	19,245	16,817
Utah	673	473	567	2	3
Western Pacific	2,491	1,992	2,057	5,137	3,985
Total	143,709	142,810	133,288	111,618	101,538
Southwestern District—					
Burlington-Rock Island	309	699	432	719	292
Gulf Coast Lines	4,543	5,676	5,665	2,383	2,613
International-Great Northern	2,889	2,876	2,566	3,267	3,756
Kansas, Oklahoma & Gulf	399	229	327	957	955
Kansas City Southern	3,999	5,926	5,346	3,365	2,878
Louisiana & Arkansas	3,438	3,663	3,501	2,833	2,477
Litchfield & Madison	206	301	373	1,369	1,281
Midland Valley	799	761	731	560	425
Missouri & Arkansas	187	128	225	460	357
Missouri-Kansas-Texas Lines	6,744	6,678	5,320	4,638	5,183
Missouri Pacific	19,933	18,365	17,058	18,714	18,848
Quanah Acme & Pacific	*114	70	64	*260	391
St. Louis-San Francisco	10,526	9,703	9,116	8,243	8,703
St. Louis-Southwestern	3,809	3,451	2,796	6,455	7,873
Texas & New Orleans	9,747	12,391	13,964	5,762	5,794
Texas & Pacific	5,534	4,922	4,995	7,529	8,197
Wichita Falls & Southern	130	95	85	41	49
Weatherford M. W. & N. W.	27	21	21	14	22
Total	73,333	75,955	72,585	67,569	70,094

*Previous week's figure. †Included in Baltimore & Ohio RR.

Note—Previous year's figures revised.

Weekly Statistics of Paperboard Industry

We give herewith latest figures received by us from the National Paperboard Association, Chicago, Ill., in relation to activity in the paperboard industry.

The members of this Association represent 83% of the total industry, and its program includes a statement each week from each member of the orders and production, and also a figure which indicates the activity of the mill based on the time operated. These figures are advanced to equal 100%, so that they represent the total industry.

STATISTICAL REPORTS—ORDERS, PRODUCTION, MILL ACTIVITY

Period 1945—Week Ended	Orders Received Tons	Production Tons	Unfilled Orders Remaining Tons	Percent of Activity	
				Current	Cumulative
April 7	203,891	146,832	604,720	92	94
April 14	159,733	158,938	604,214	97	94
April 21	125,708	162,040	564,631	98	95
April 28	142,387	158,854	546,311	99	95
May 5	223,162	161,764	605,892	97	95
May 12	152,208	153,111	602,717	94	95
May 19	126,285	158,532	565,867	97	95
May 26	129,327	157,794	532,257	97	95
June 2	168,204	153,359	546,211	93	95
June 9	189,674	159,228	575,167	97	95
June 16	129,618	159,230	537,182	96	95
June 23	115,768	157,932	491,287	96	95
June 30	166,083	156,447	499,505	96	95
July 7	180,155	99,960	575,918	62	94
July 14	151,085	145,797	575,134	90	94
July 21	121,864	156,619	537,639	96	94

Notes—Unfilled orders of the prior week, plus orders received, less production, do not necessarily equal the unfilled orders at the close. Compensation for delinquent reports, orders made for or filled from stock, and other items made necessary adjustments of unfilled orders.

Russia Seeks UNRRA Appropriation

Russia is seeking $700,000,000 of assistance from the United Nations Relief and Rehabilitation Administration, according to an announcement by UNRRA Deputy Director Roy F. Hendrickson, who is acting director while Herbert H. Lehman is in Europe, a Washington report by Associated Press stated on July 25.

Mr. Hendrickson also disclosed that China had asked about $945,000,000 over an 18-month period, and that Poland is seeking between $600,000,000 and $700,000,000.

He also announced the Associated Press reports that:

1. Total contributions to UNRRA so far authorized by participating governments are $1,862,788,348, of which the United States authorized $1,350,000,000.

2. A total of 1,304,298 long tons of supplies valued at $296,563,000 has been furnished through June 30 to seven occupied countries—Greece, Italy, Poland, Czechoslovakia; Yugoslavia, China, Albania and UNRRA camps. Western Hemisphere sources supplied 1,069,639 tons valued at $223,038,000.

Describing UNRRA's minimum needs for the rest of this year as around $325,000,000 a month, Mr. Hendrickson said the UNRRA Council meeting in London next month would indicate its financial position and the type of program for 1946.

He said the relief agency "definitely contemplates tapering off" next year because it is hoped that projects like Bretton Woods will permit more and more countries to import goods. He emphasized UNRRA is only a "transitory agency" which will disappear when the relief emergency ends.

Mr. Hendrickson said the Russian request was received yesterday. It did not specify what was needed or over how long a period, but said detailed needs would be outlined later. It merely said the amount was needed for relief and rehabilitation.

The Deputy said the request—submitted by Russia's alternate delegate here on the UNRRA Council, Vlas Andreevich Klentsov—will be handled in the routine way and referred to a committee for examination of the Soviet Government's ability to pay.

Ability to pay, he explained, is interpreted in "terms of exchange and ability to import goods."

Russia, being an invaded country, was not called upon to contribute to UNRRA operations, but only to donate toward its administrative expense. Its allocation for 1944 expenses was $1,000,000. UNRRA records show $200,000 paid and a balance of $800,000 in process of transfer as of last June 13.

Brazil Debt Readjustment

The acting Brazilian Treasury Delegate, Mario da Camara, is notifying holders of all outstanding dollar bonds of the United States of Brazil that the offer of debt readjustment, heretofore extended to June 30, has been further extended to Dec. 31, 1945. Bonds delivered in acceptance of either Plan A or Plan B must be accompanied by letters of transmittal, which may also be obtained from the special agents of the 30 issues involved. A revised prospectus has been prepared by which the United States of Brazil offers its 3¾% External Dollar Bonds of 1944 in accordance with the provisions of Plan B.

Approximately 66% of the outstanding bonds have already been presented or surrendered in acceptance of either Plan A or Plan B according to the prospectus.

Items About Banks, Trust Companies

The Continental Bank and Trust Company of New York observed on Aug. 1 the 75th Anniversary of its founding on Aug. 1, 1870. Its original quarters were in the old Equitable Building at 120 Broadway. For the past half century, it has been located at the corner of Broad Street and Exchange Place; it has occupied three of the four corners at that intersection. In its early days, the Continental was especially identified with export and import trade, and with securities houses. In recent years, all departments have extended their services substantially and it is pointed out it is today a broadly diversified commercial bank and trust company. During the four years since Frederick E. Hasler, now President and Chairman of the Board, became chief executive of the Bank, its resources have more than doubled.

Manufacturers Trust Company of New York announced that under its recent offer to common stockholders of 412,500 shares of new common stock at $58 per share, proceeds of which are to be used to redeem the bank's preferred stock outstanding and for additional capital funds, a total of approximately 311,000 shares or 75.39% was subscribed at the time the rights expired. The underwriters recently offered the balance of approximately 101,500 shares to the public. Details regarding the issuance of the new stock appeared in these columns July 12, page 230.

The New York Agency of the Bank of South Africa, Ltd., at 67 Wall Street, announces that it has been informed by the Head Office in London, that Jasper Nicholas Ridley was elected a member of the Bank's Board of Directors on July 4. He is also a Director of several other British Banks and Companies.

J. Warren Slattery, President of J. B. Slattery & Bro., Inc., was recently elected a trustee of the Kings Highway Savings Bank of Brooklyn, N. Y., it was announced on July 24 by Daniel T. Rowe, President of the bank, according to the Brooklyn "Daily Eagle" which stated that Mr. Slattery heads the company founded by his father 38 years ago for the manufacture of gas ranges.

It is learned from the Boston "News Bureau" of July 28 that a special meeting of the shareholders of the Second National Bank of Boston, has been called for August 29 to vote on two major proposals: (1) to increase the common stock of the bank from $2,000,000 to $3,200,000 by transfering $1,200,000 from surplus to capital (thereby reducing surplus from $6,000,000 to $4,800,000) and by increasing the par value of the present 80,000 shares from $25 to $40 per share; (2) to increase the common stock of the bank from $3,200,000 to $4,000,000 by sale of 20,000 additional shares of $40 par at a selling price of $100 per share.

The Philadelphia National Bank of Philadelphia, Pa., announced on July 27 the appointment of Louis W. Bishop as an Assistant Vice-President beginning Aug. 1st.

The merger of the Public Bank of Maryland into the Fidelity Trust Company of Baltimore, became effective on July 28, and the three offices of the Public Bank opened on July 29 under the name of the Fidelity Trust Company. The Baltimore "Sun" of July 29, in reporting this, said:

"Robert O. Bonnell, former President of the Public Bank, will assume his duties tomorrow as a Vice-President of the Fidelity Trust Company, at the main office of that bank at Charles and Lexington Streets. The other officers and personnel of the Public Bank will continue at their present locations.

"S. M. Trott, Vice-President of the Public Bank, and Milton Stegman, Assistant Cashier, have become assistant Vice-President and Assistant Auditor, respectively, of the Fidelity Trust Co."

A previous item regarding the proposed merger appeared in our July 26 issue, page 448.

20 20

Resources of $1,312,335,491 are shown by the Nat'l Bank of Detroit, Detroit, Mich., in its statement of condition as of June 30, 1945, as compared with $1,266,954,503 on March 20. Deposits of the bank at the latest date are reported as $1,250,481,979, against $1,216,059,438 in March. Cash on hand and due from other banks on June 30 is shown as $257,779,236 compared with $280,344,673 on March 20. Holdings of United States Government securities appear in the June 30 statement as $825,037,550 contrasting with $780,910,842 on March 20. Capital funds of $53,234,036 are shown in the June 30 statement, comprising preferred stock, $8,500,000; common stock, $12,500,000; surplus, $27,500,000; undivided profits, $4,734,036. Capital fund March 20, aggregating $42,897,573, were made up of preferred stock of $8,500,000; common stock, $10,000,000; surplus, $19,000,000, and undivided profits of $5,397,573.

Lyman E. Wakefield, President of First National Bank of Minneapolis, from July 30, 1926, until June 29 of this year when he was named Chairman of its Board of Directors, died on July 25, of coronary thrombosis. Mr. Wakefield was taken ill on June 16. After a month at Abbott Hospital, Minneapolis, he had returned to his home. Mr. Wakefield, who was born July 7, 1880, on the Wakefield farm, Long Lake, Minn., entered the employ of the First National Bank, Austin, Minn., in 1897, as messenger and janitor. Five years later he went with the Northwestern National Bank of Minneapolis, serving that institution until 1911, advancing to the position of Assistant Cashier. He then became Treasurer and later Vice-President of Wells-Dickey Company, Minneapolis investment bankers, and also served as Vice-President of Wells-Dickey Trust Company. In 1925 when Wells-Dickey Trust Company and Minneapolis Trust Company consolidated, he became Vice President of First Minneapolis Trust Company, the resulting organization. A year later he was elected President of the First National Bank, in which capacity he served until his advancement last month to the Chairmanship of the Board of Directors. He was succeeded at that time by the election of Henry E. Atwood of Minneapolis as President of the bank. During Mr. Wakefield's Presidency deposits of the bank increased from $91,000,000 to more than $335,000,000, and capital funds from $10,950,000 to $18,025,000.

In 1934-35 Mr. Wakefield was President of the Association of Reserve City Bankers. He was a past President of the Minneapolis chapter of the American Institute of Banking. From 1941 to 1944 he was a member of the Federal Advisory Council of the Federal Reserve Board, Washington, D. C. He served as Vice-President, director and member of the Executive Committee of First Bank Stock Corporation from its organization in 1929. He was President and director of the Minneapolis & Eastern Railway. In addition he was a director of Northwestern Fire & Marine Insurance Co., Northwestern National Life Insurance Co., Minneapolis, St. Paul & Sault Ste. Marie Railway Co. and Geo. A. Hormel Co.

He was a trustee of Carleton College, Northfield, Minn., of the Carnegie Endowment for International Peace, and of the Minneapolis Foundation. In 1926 he was General Chairman of the Minneapolis Community Fund and at the time of his death was a director of the War Chest of Minneapolis & Hennepin County, Inc. He had served as a member of the Finance Committee of the United States Chamber of Commerce.

The directors of the Northwest Bancorporation of Minneapolis announced on July 19 the election of Clarence E. Hill as director of Banco. Mr. Hill was recently elected Chairman of the Board of Northwestern National Bank & Trust Co. said the Minneapolis "Journal," which also stated that announcement was further made that Von E. Luscher was elected Vice-President of Northwest Bancorporation, Carl E. Voigt, Assistant President, and Arthur R. Evans, manager of the investment department.

The directors of the National Bank of Commerce, of Lincoln, Neb., announced on July 27 the election of Byron Dunn as its President, succeeding the late M. Weil.

The Peoples Bank & Loan Co., Lewisville, Ark., became a member of the Federal Reserve System on July 26, it is announced by the Federal Reserve Bank of St. Louis, which said:

"The new member was incorporated Aug. 23, 1911. It has a capital of $30,000, surplus of $22,000, and total resources of $984,473. Its officers are: W. D. Stewart, President; J. B. Burton, Vice-President; T. P. LeMay, Vice-President, and J. C. Landes, Cashier. The addition of the Peoples Bank & Loan Co. brings the total membership of the Federal Reserve Bank of St. Louis to 488."

Total deposits of $343,621,945 are shown by the Mercantile-Commerce Bank and Trust Company of St. Louis in its June 30 statement, of which $276,176,590 represent demand, savings and time deposits and $67,445,355 U. S. War Loan and other public funds. On March 20 the bank reported total deposits of $307,468,067—that total being made up of $262,128,862 demand, savings and time deposits and $45,339,205 War Loan and other public funds. The bank's total resources of $368,717,993 on June 30 compare with $336,833,295 on March 20. Cash and due from banks on June 30 amounted to $78,897,733, against $75,919,229 March 20. U. S. Government obligations June 30 are reported as $197,176,471 compared with $177,714,272 March 20. At the latest date (June 30) capital stock is shown as $12,500,000; surplus as $5,000,000 and undivided profits as $3,780,683; these figures contrast with capital stock March 20 of $10,000,000; surplus $7,500,000 and undivided profits of $3,683,265.

According to the St. Louis "Globe Democrat," it is announced that the trust business of United Bank and Trust Company of St. Louis has been taken over by St. Louis Union Trust Company, effective July 21. The paper from which we quote added:

"United Bank is withdrawing from the trust field and plans to limit its activities to the banking field. Officials of the two institutions stated that this action was taken 'because of the increasing complexity of trust administration and a desire on the part of the United Bank & Trust Company to intensify its efforts in the banking field.'"

Special advices July 21 from Austin, Tex., to the Dallas "Times Herald," said:

"Six Texas banks have increased their capital stocks during the past 30 days, records of the State Department of Banking show.

"The Texas State Bank of Alice increased its capital stock from $75,000 to $100,000 by payment of a stock dividend.

"The Texas State Bank at Jacksonville, by means of cash subscription, increased its common capital stock from $75,000 to $100,000.

"The Waxahachie Bank and Trust Company increased its common capital stock from $75,000 to $100,000 by payment of a stock dividend.

"The First State Bank and Trust Company of Lufkin, by cash subscription, increased its stock from $75,000 to $100,000.

"The First State Bank of Seagraves increased its common capital stock from $17,500 to $25,000 by payment of a stock dividend.

"The Commercial State Bank of Sinton increased its common capital stock from $50,000 to $100,000 by payment of a stock dividend."

The San Francisco "Chronicle" of July 20 reported that Wilfrid L. Wylie, Assistant Vice-President in the business extension department of Bank of America National Trust & Savings Association of San Francisco, has been advanced to the rank of Vice-President. Mr. Wylie joined the Bank of America in Los Angeles in 1937 and has made his office at San Francisco headquarters since 1943.

The directors of the Midland Bank Ltd. of London announced on July 12 that the Earl of Feversham has been elected to a seat at their board and at the board of the Midland Bank Executor & Trustee Company Ltd.

Redeem Netherlands Currency—Announcement By Federal Reserve Bank

It was made known on July 24 by Allan Sproul, President of the Federal Reserve Bank of New York that the Netherlands authorities have recently announced that guilder currency notes heretofore issued by the Netherlands Government or by De Nederlandsche Bank in denominations of 100 guilders have been withdrawn from circulation in the Netherlands as of July 14, 1945, and that similar measures will probably be taken in the future with respect to notes in smaller denominations.

In his advices to banks and trust companies in the New York Reserve District Mr. Sproul stated:

"Arrangements have been made whereby up to and including Aug. 4, 1945, guilder currency notes issued prior to July 14, 1945, by the Netherlands Government or De Nederlandsche Bank in denominations of 100 guilders **or less** may be forwarded to the Federal Reserve Bank of New York for account of the Netherlands Government for redemption. Such notes should be accompanied by a written statement, **in duplicate**, sworn to before a notary public or similar officer, applying for redemption of the notes and containing the following information: (1) The full name, address, nationality and occupation of the applicant. (2) If the applicant is not the owner the same particulars should also be given about the owner. (3) The number and denomination of each note, whether issued by De Nederlandsche Bank or the Netherlands Government, and the total amount of notes deposited. (4) A full statement of the circumstances under which the notes were acquired, including how, when, where, from whom and for what purpose. (5) What the applicant knows concerning the circumstances under which the notes were imported into the United States, including the names of the persons participating therein, the date of importation and the date of exportation from the Netherlands, whether or not such exportation was authorized by the Netherlands Exchange Control and if not so authorized, why not. If the applicant has no knowledge or information concerning such circumstances he should so state. (6) That the owner of such notes holds no other Netherlands guilder notes than those listed in such statement and has made no other application for redemption. Any available documentary evidence in support of such statement should be attached thereto. If such notes were included in a report filed on Treasury Department form No. TFR-300 or No. TFR-500, it would be helpful for the applicant to state that fact.

"The Federal Reserve Bank of New York will receive and hold all such notes for account of the Netherlands Government, will give the holder a receipt and will transmit the accompanying statement to the appropriate Netherlands officials. It is our understanding that if the Netherlands authorities are satisfied that the notes are genuine and that they were acquired legitimately the holder will be paid therefor in United States dollars at the rate of $37.38 per 100 guilders.

"The notes and statements should be sent to Federal Reserve Bank of New York, Foreign Department, Federal Reserve P. O. Station, New York 7, N. Y., at the expense and risk of the holder, and they may be sent direct or through the holder's bank. The Federal Reserve Bank of New York is not authorized to receive any notes after Aug. 4, 1945, unless mailed in an envelope postmarked not later than Aug. 4, 1945, or forwarded by a bank with a statement to the effect that they were received on or before Aug. 4, 1945."

It is pointed out by Mr. Sproul that "the foregoing arrangement does not apply to, and we are not prepared to receive, either (1) notes in denominations of more than 100 guilders, which we understand were withdrawn from circulation in the Netherlands sometime ago, or (2) notes of the Netherlands overseas territories of Curacao, Surinam, or the Netherlands East Indies."

Lend-Lease To Australia

Lend-Lease goods valued at more than $1 billion were received by Australia from the United States up to the end of last April, it was officially disclosed, at Canberra, Australia, on July 22, according to Associated Press advices from that city, which added:

"Reciprocal Australian Lend-Lease goods and services to America between April, 1942, and last March totaled about $800 million.

"The official report showed that U. S. forces received $10.5 million worth of Australian radar and signal equipment—one-fifth of the total output of the Commonwealth radio industry, which before 1942 had no experience in this technique.

"The report said American carbon black, tire fabric and synthetic rubber received under Lend-Lease was used in part in Australia to produce tires for American forces. It added that Lend-Lease tractors, seed and other farming equipment were used to increase food production for American forces."

Kincaid Named V.-P. of Richmond Fed. Reserve Bk.

The Federal Reserve Bank of Richmond announced on July 23 the appointment of Dr. E. A. Kincaid as Vice President of the Bank. The Baltimore "Sun" reporting this stated that Dr. Kincaid has directed the research of the bank since his employment on Jan. 1, 1937.